RATE REDUCTION (GLASGOW DISTRICT) 1983–84

1. This Report by the Secretary of State is laid before Parliament in accordance with section 5(1) of the Local Government (Scotland) Act 1966 ("the 1966 Act") as amended by section 14 of the Local Government (Miscellaneous Provisions) (Scotland) Act 1981 ("the 1981 Act") and section 1 of the Local Government and Planning (Scotland) Act 1982 ("the 1982 Act") for approval by resolution of the House of Commons.

2. The Secretary of State is satisfied in terms of section 5(1)(c) of the 1966 Act that the total estimated expenses of Glasgow District Council ("Glasgow") for the year 1983–84 are excessive and unreasonable and is of the opinion that by reason of the excessive and unreasonable estimated expenses the rate determined by Glasgow for the financial year 1983–84 should be reduced by 3p. If the Report is approved, Glasgow shall forthwith determine a new rate less, by the proposed reduction in the rate (or by such smaller amount as the Secretary of State may agree), than the rate determined by Glasgow under section 108 of the Local Government (Scotland) Act 1973. If within 28 days following such approval Glasgow have not reduced their rate as required, Glasgow shall be deemed to have determined a rate such that the reduction approved by the House of Commons is effected.

3. By letter dated 5 May 1983 the Secretary of State gave formal intimation to Glasgow that he was satisfied that their total estimated expenses for 1983–84 were excessive and unreasonable and was of the opinion that the rate determined by the Council should be reduced by 5p. The letter of 5 May and the Appendices A to E thereto (incorporated in this Report as Annex 1) indicated the reasons for the proposed reduction and the mandatory and discretionary criteria to which he had regard. The letter afforded Glasgow an opportunity to make representations with respect to the proposed reduction.

4. Representations by Glasgow were submitted on 6 June 1983 and are incorporated in this Report as Annex 2. Annex 2 does not contain the eleven annexes to the representations which consisted of exchanges of correspondence between Glasgow and the Scottish Office (including the letter of 5 May which appears as Annex 1 to this Report), and information provided earlier in 1983 to all authorities on the calculation of current expenditure guidelines. With the exception of the letter of 5 May this material has been placed in the Library of the House. A copy of a letter sent to Glasgow by the Scottish Office on 15 June in reply to a letter of 26 May from Glasgow has also been placed in the Library. Glasgow expanded on these representations at a meeting with Mr Michael Ancram MP, Minister for Home Affairs and the Environment at the Scottish Office, on Monday 20 June. A note of this meeting has been placed in the Library of the House.

5. After careful consideration of the representations in the light of the report of the meeting of 20 June given to him by Mr Ancram, the Secretary of State is satisfied that Glasgow's total estimated expenses for 1983–84 are excessive and unreasonable but that the rate reduction orginally proposed by him should be limited to 3p. Glasgow were advised of this in a letter of 29 June (incorporated in this Report as Annex 3) which also stated that, unless

Printed image digitised by the University of Southampton Library Digitisation Unit

the Secretary of State was advised by 6 July that they proposed to reduce their rate for 1983–84 by 3p under section 108A of the Local Government (Scotland) Act 1973, the Secretary of State proposed to lay immediately thereafter a report before the Commons House of Parliament asking for their approval under section 5 of the 1966 Act to a reduction in Glasgow's rate of 3p. Glasgow made no proposal to reduce their rate by 3p by 6 July and the Secretary of State therefore lays this Report.

6. The Secretary of State seeks the approval of the House to this Report.

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 1

SCOTTISH OFFICE
FINANCE DIVISION
New St. Andrew's House
EDINBURGH, EH1 3TB
Telephone: 031–556 8400, ext. 5282

The Chief Executive
City of Glasgow District
City Chambers
GLASGOW
G2 1DU

5 May 1983

Dear Sir,
LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

1. I am directed by the Secretary of State to refer to the provisions of section 5 of the Local Government (Scotland) Act 1966 (amended by the Local Government (Miscellaneous Provisions) (Scotland) Act 1981 and the Local Government and Planning (Scotland) Act 1982) ("the 1966 Act").

2. These provisions empower the Secretary of State, if he is satisfied that the total estimated expenses of a local authority are excessive and unreasonable and if he is of the opinion that by reason thereof a reduction should be made in the amount of any element of rate support grant payable to that authority or in the rate determined by the authority or both, after affording the authority an opportunity to make representations, to make and lay before Parliament a report stating the amount and nature of and the reasons for the proposed reduction and setting out any representations made by the authority with respect thereto. If the report is approved by a resolution of the Commons House of Parliament such a reduction may be implemented.

3. The Secretary of State is very concerned at the level of expenditure planned by your authority. On behalf of the Secretary of State, I hereby intimate to you that he has decided to initiate formal action in pursuance of the aforesaid powers under the 1966 Act.

4. In reaching this decision the Secretary of State has had regard to the financial and other relevant circumstances of the area and to other discretionary criteria mentioned below. He has in particular examined the level of expenditure planned by your authority for 1983–84 and the levels of expenditure incurred by your authority in each of the years 1978–79, 1979–80, 1980–81, 1981–82 and 1982–83. The indicative guideline figures given to your authority for each of those years have also been taken into account and compared with the expenditure incurred or proposed to be incurred by your authority in each year as shown in Appendix A. The categories of estimated expenses which the Secretary of State has left out of Account for the year

Printed image digitised by the University of Southampton Library Digitisation Unit

1983–84, in terms of section 5(1A)(b) of the 1966 Act, were intimated to local authorities in Finance Circular No 7/1983 and the Addendum to it.

5. The Secretary of State has also taken into account:

(a) the comparison by reference to expenditure per head of population of the levels of expenditure incurred or estimated to be incurred in each of the years referred to above by your authority with those of certain other local authorities which the Secretary of State is satisfied are as closely comparable with your authority as is practicable with an adjustment to take account of the exclusion of urban programme in 1983–84 (Appendix B);

(b) the comparision of growth in your authority's actual and planned expenditure in the years referred to above with an urban programme adjustment as in (a) (Appendix C); and

(c) the following financial and other criteria, namely:

(i) the effect of your authority's expenditure decisions in respect of each of the years above referred to on the rate poundage fixed by your authority for each year (Appendix D); and

(ii) the population statistics applicable to your area shown in Appendix E to this letter.

6. Having carefully considered all the information currently at his disposal and in particular the information contained in Appendices A to E the Secretary of State is, subject to reconsideration in the light of any representations made by your Council, satisfied that your authority's estimated expenses for the year 1983–84 are excessive and unreasonable in terms of section 5(1)(c) of the 1966 Act. In view of this and in order to achieve reductions in that expenditure the Secretary of State is at present of the opinion that the rate determined by your Council for the year 1983–84 should be reduced by 5p. This is without prejudice to any other use of the powers contained in section 5 of the 1966 Act. Before submitting to Parliament a report in terms of section 5(1) of the 1966 Act proposing such a reduction the Secretary of State would be grateful if you would invite your Council to consider the terms of this letter at the earliest possible opportunity and to submit in writing to the above address not later than 6 June 1983 any representations which they may wish to make to him. Any enquiries about this letter should be directed to Mr D Stewart on extension 5611.

7. A copy of this letter is enclosed for the Director of Finance. Copies of this letter and Appendices A to E referred to above have been sent to the Controller of Audit and the Convention of Scottish Local Authorities.

Yours faithfully

N. G. Campbell

N G CAMPBELL

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX A

GLASGOW DISTRICT COUNCIL

Comparison of Guidelines and Expenditure

Expenditure guidelines for individual local authorities were first introduced for 1976–77 to help authorities to take into account in their budgets the Government's overall expenditure plans.

Up until 1981–82, guidelines were largely based on historical patterns of expenditure but for 1982–83 were calculated on a new basis described as the client group approach. (This was explained in Finance Circulars 17/1981 and 5/1982.) 1982–83 was also the first year for which guidelines were issued on a cash basis, rather than at the November price base preceding the relative financial year, in line with the Government's move to a cash planning system.

For 1983–84 the cash guidelines were also based on the client group approach but with some changes in the methodology following consultations with the Convention of Scottish Local Authorities. Unlike previous years, when the aggregate of guidelines matched the total of relevant expenditure (excluding loan charges) adopted for RSG Order purposes, the guidelines for 1983–84 sum to a lower figure. This is due firstly to the exclusion from guidelines of expenditure on the Urban Programme. Secondly the figures exclude the estimated loss of income by regional authorities of £4 million, which will result from the proposal to reduce further education tuition fees. Lastly, the figures exclude a sum of £120 million which was not allocated to services in the Government's expenditure plans but was treated as an undifferentiated addition made solely to allow authorities more time to bring spending into line with the Government's plans.

The following table shows how your Council's expenditure or planned expenditure compares with guidelines since 1978–79. Figures for the years 1978–79 to 1982–83 include Urban Programme expenditure; the figures for 1983–84 do not.

	£ million at November 1982 prices[1]				£ million, cash	
	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84
Expenditure	75·87	80·43	80·26	73·81	80·21	90·56
Indicative guidelines	64·43	68·93	71·03	65·35	69·21	66·34
Excess of expenditure over guidelines	11·44 (17·8%)	11·50 (16·7%)	9·23 (13·0%)	8·46 (12·9%)	11·00 (15·9%)	24·22 (36·5%)

[1]Revalued according to factors agreed with the Convention of Scottish Local Authorities.

Your authority's excess over guideline for 1983–84 is well above the district average of 21·8 per cent.

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX B

GLASGOW DISTRICT COUNCIL

Expenditure Per Head of Population

In the following table, expenditure per head of population for your Council, other local authorities which the Secretary of State is satisfied are as closely comparable as is practicable, and the relative averages for these authorities and for all district councils is shown for each of the years 1978–79 to 1983–84 inclusive together with the percentage changes for each authority or average from 1978–79 to 1983–84 and from 1982–83 to 1983–84.

	£ per head of population at November 1982 prices						% change 1978–79 to 1983–84	% change 1982–83 to 1983–84
	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84	%	%
1. Closely comparable authorities:								
Cumbernauld	44·81	47·36	55·17	55·30	59·85	59·49	+32·8	−0·6
Aberdeen	52·56	56·12	59·40	58·09	61·65	67·65	+28·7	+9·7
Falkirk	64·99	63·69	62·86	66·04	58·63	61·70	−5·1	+5·2
Clydebank	81·70	77·41	81·38	76·15	72·50	78·89	−3·4	+8·8
Edinburgh	62·38	67·37	66·93	70·02	65·59	67·84	+8·8	+3·4
2. Average for closely comparable authorities	61·29	62·39	65·15	65·12	63·64	67·11	+9·5	+5·5
3. Average for district councils	52·13	54·24	54·38	52·91	53·46	56·66	+8·7	+6·0
4. Glasgow District Council	93·26	100·26	100·04	93·22	103·28	112·32	+20·4	+8·8

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX C

GLASGOW DISTRICT COUNCIL

Trends in Expenditure

The following table compares the changes in expenditure by your council from 1978–79 to 1983–84 with the equivalent changes in expenditure by all district councils and all local authorities.

CHANGE IN EXPENDITURE

	By Glasgow District Council %	By all district councils %	By all local authorities %
1979–80 over 1978–79	+5·5	+4·4	+2·8
1980–81 over 1979–80	−1·8	+0·4	+1·4
1981–82 over 1980–81	−8·5	−3·2	−1·6
1982–83 over 1981–82	+9·8	+2·3	+0·7
1983–84 over 1982–83	+8·8 (+7·5)	+6·3 (+4·6)	+1·8
1983–84 over 1978–79	+13·2 (+11·8)	+10·3 (+8·6)	+5·2

Changes from year to year shown in the table relate to expenditure in real terms, ie after conversion to a common price base using factors agreed with the Convention of Scottish Local Authorities.

Figures in brackets show the change in expenditure after account is taken of the transfer of functions under the Local Government and Planning (Scotland) Act 1982, on the basis of information supplied by authorities with the budget estimate return.

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX D

GLASGOW DISTRICT COUNCIL

Rates

The following table compares the rates and rate increases imposed by your Council and the average rates and average increases in rates for all councils and local authorities.

	Rates			Increases		
	Glasgow District Council	All district councils	All local authorities	Glasgow District Council	All district councils	All local authorities
	p	p	p	%	%	%
1978–79	26·5	16	54			
1979–80	27	18	62·5	1·9	12·5	15·7
1980–81	35	21	81	29·6	16·7	29·6
1981–82	48	28	109	37·1	33·3	34·6
1982–83	58	33	123	20·8	17·9	12·8
1983–84	61	35	125	5·2	6·1	1·6

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX E

GLASGOW DISTRICT COUNCIL

Population

The table below shows the total population, and population aged under 16 and 65 and over for the years 1978 to 1982 inclusive for Scotland and for Glasgow. The District's population has fallen considerably since 1978. The number of children under 16 has fallen at twice the Scottish level, while the number of over 65s has fallen against the Scottish trend. This reduction in total population and in the main age groups does not however indicate a need to incur the high level of expenditure planned for 1983–84.

	As estimated by the Registrar General at 30 June					1978 to 1982
	1978	1979	1980	1981	1982	%
Total Population:						
Scotland	5,179,400	5,167,000	5,153,280	5,149,500	5,166,557	− 0·2
Glasgow	809,679	794,316	781,694	767,456	760,955	− 6·0
Population aged under 16:						
Scotland (No.)	1,278,856	1,248,497	1,218,010	1,190,787	1,158,213	− 9·4
(%)	24·7	24·2	23·6	23·1	22·4	
Glasgow (No.)	197,085	187,422	179,489	164,232	156,411	−20·6
(%)	24·3	23·6	23·0	21·4	20·6	
Population aged 65 and over:						
Scotland (No.)	712,196	717,790	723,616	726,604	730,551	+2·6
(%)	13·8	13·9	14·0	14·1	14·1	
Glasgow (No.)	127,387	129,020	129,538	118,892	119,957	−5·8
(%)	15·7	16·2	16·6	15·5	15·8	

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 2

YOUR REF:.....
OUR REF: ..... SFH/ICF .....
TELEPHONE: 041-221 9600 Ext. No. 2501.....
If telephoning or calling ask for Mr Hamilton.....

STEVEN F. HAMILTON, J.P., B.L., D.P.A., D.M.S.
TOWN CLERK AND CHIEF EXECUTIVE,
TOWN CLERK'S OFFICE,
CITY CHAMBERS,
GLASGOW G2 1DU

N G Campbell, Esq
Scottish Office, Finance Division,
New St. Andrew's House,
St. James Centre,
Edinburgh, EH1 3TB

Dear Sir, 6 June 1983

LOCAL GOVERNMENT (SCOTLAND) ACT, 1966 SECTION 5 (AS AMENDED)

I refer again to your letter of 5 May 1983, about the Secretary of State's proposal to take action against Glasgow by forcing my Council to cut its spending in 1983–84.

You have failed to provide the specific information requested in my letter of 26 May 1983 and, indeed, have not even acknowledged the letter.

Again, my Council has been denied information which it needs in order to be able to understand how the Secretary of State has arrived at his decision, and to answer his charges against the Council. This fact, too, will be founded on in any future Court proceedings.

In the meantime, my Council has no alternative but to answer the charges which have been laid against it as best it can by the due date, on the basis of the limited general information which you have supplied. The Council's formal representations are enclosed.

Yours faithfully,

Steven F Hamilton

Encl.

Printed image digitised by the University of Southampton Library Digitisation Unit

City of Glasgow District Council

REPRESENTATIONS AGAINST THE SECRETARY OF STATE'S ACTION TO REDUCE THE RATE INCOME AVAILABLE TO THE COUNCIL FOR LOCAL SERVICES

Printed image digitised by the University of Southampton Library Digitisation Unit

CONTENTS

1. Introduction and General Background—Page 13.

2. The Appendices to the Scottish Office letter of 5/5/83 examined—Page 17.

3. Other criteria—Page 29.

4. Summary—Page 30.

Annex 1—Scottish Office letter of 5/5/83 intimating proposed selective action against Glasgow.

2—Glasgow telex of 6/5/83 seeking immediate meeting.

3—Scottish Office letter of 10/5/83 refusing immediate meeting.

4—Glasgow letter of 11/5/83 reiterating request for meeting and amplifying reasons therefore.

5—Scottish Office telex of 12/5/83 correcting Annex 3.

6—Scottish Office letter of 18/5/83 again refusing meeting.

7—Glasgow letter of 19/5/83 again pressing for meeting and seeking amplification of charges against the city.

8—Scottish Office letter of 20/5/83 offering additional £3 million Capital Allocation for housing environmental grants subject to conditions.

9—Glasgow letter of 23/5/83 in response to Annex 8.

10—Scottish Office letter of 24/5/83 in response to Annex 7.

11—Glasgow letter of 26/5/83 seeking further explanation of Annex 10.

3 June 1983

Printed image digitised by the University of Southampton Library Digitisation Unit

CITY OF GLASGOW DISTRICT COUNCIL

REPRESENTATIONS AGAINST THE SECRETARY OF STATE'S ACTION TO REDUCE THE RATE INCOME AVAILABLE TO THE COUNCIL FOR LOCAL SERVICES

1—Introduction and General Background

1.1 The District Council was informed by letter from the Scottish Office dated 5 May 1983 (Annex 1 attached) that the Secretary of State had decided to initiate formal action in terms of section 5 of the Local Government (Scotland) Act, 1966 as amended. The letter indicated that the Secretary of State was satisfied, subject to reconsideration in the light of any representations made by the Council, that the District Council's estimated expenses for the year 1983–84 were "excessive and unreasonable" and that the Council's rate poundage should be reduced by 5p.

1.2 Taking into account the cost of implementing such a re-rating exercise the effect of a 5p reduction would be to require the Council to reduce its estimated expenditure on local services by £10 million. It would return 19p per week to the average domestic ratepayer.

1.3 The Council has sought explanation from the Secretary of State as to how he has arrived at his conclusions. Section 5 requires him to have regard to "the financial and other relevant circumstances of the area of the Council" and to "set out the amount of and the reasons for the proposed reduction". No explanation or reasons have been forthcoming. The correspondence is incorporated in annexes hereto.

1.4 The District Council has been elected by the voters of Glasgow to provide local services appropriate to the needs and resources of the area. The present government has eroded the level of resources available to the City by reducing government grants (ie recycled national taxation). The Council has protested against this reduction. However, it accepts that central government has the right, subject to parliamentary approval, to determine what contribution it should make to the District Council. On the other hand the Council does not accept that central government should interfere with the right of the locally elected Council to raise and spend local rates.

1.5 The 1966 legislation, as amended, allows the Secretary of State to intervene in local budgets but only in very exceptional circumstances. These very exceptional powers were intended to be used only if any authorities "demonstrated a desire to incur expenditure so dramatically in excess of the government's wishes that they have implications for the national economy as well as imposing intolerable burdens on local ratepayers" (Malcolm Rifkind, MP, quoted in "Local Government News" 1982).

1.6 Clearly before any action was initiated by the Secretary of State parliament would expect him to have made a study of the needs and circumstances of the local area. There is no evidence that the Secretary of State has made any such study. Certainly no information has been made available to the Council about any such study or its findings.

Printed image digitised by the University of Southampton Library Digitisation Unit

1.7 The District Council comprises 72 members elected by the people of Glasgow on the basis of their respective manifestos. These members know Glasgow intimately. They know its circumstances, problems, needs and resources. Nevertheless, before deciding upon their budget these members embarked upon a broadly based consultative process. Discussions took place over many weeks with Council experts, with area management committees (which include all local MPs, regional and district councillors and some other community representatives), with tenants associations, with trades unions and with a ratepayers watchdog group. Neither the CBI, the Chamber of Commerce or the Association of Retail Distributors sought to take the opportunity to participate in pre-budget discussions this year presumably because of the low (3p) rate increase expected to be proposed which was widely forecast in the local press.

1.8 If such a carefully prepared budget can be swept aside after a secret exercise undertaken on a desk in Edinburgh—an exercise which the Secretary of State is unable or unwilling to explain—then it would seem that local democracy has been effectively eliminated.

1.9 The president of the COSLA, Dr John Sewel, has put it succinctly, "The Secretary of State now effectively has a vote—indeed a majority of votes— in every local authority in Scotland. No matter what a local authority may decide through their own democratic process the Secretary of State can move in and have his own way".

1.10 The Secretary of State has apparently relied heavily on comparisons of the Council's budget with his expenditure guidelines. But these expenditure guidelines are no more than their name implies—"guidelines". A senior Scottish Office official put the position to the Parliamentary Joint Committee on Statutory Instruments on 14 July 1981 as follows:—

"The Secretary of State has made it clear repeatedly that the guidelines are indicative, not definitive, and in no way mandatory. Just as he would expect that there could be some authorities who would exceed the guidelines, so it is also expected that there would be some authorities who would come below."

1.11 In 1983–84 only three authorities out of 65 in Scotland managed just to keep to their guidelines, nobody came below and no less than 62 exceeded them!

1.12 Even although the guideline which he used as his yardstick has proved unrealistic in almost all authorities the Secretary of State apparently intends to press ahead with selective action against 5 authorities which he claims are planning "excessive and unreasonable" levels of spending.

1.13 It is not at all clear by what means it is decided which authorities should be subjected to selective action. It is obviously not simply related to excess over guideline despite the scientific base—the "client group approach methodology"—claimed for guidelines. It would appear, therefore, that the composition of the hit list is more a matter of political judgement than of scientific assessment.

Printed image digitised by the University of Southampton Library Digitisation Unit

1.14 The Secretary of State is *required* by section 5 to have regard in his judgement to the financial and other relevant circumstances of the area of the authority. It is obvious from the Secretary of State's letter that he has had regard to only one or two expenditure and population figures which he has manipulated in different ways in the various appendices to the letter of 5 May 1983

1.15 It is no part of the Council's job in these circumstances to set out the "financial and other relevant circumstances" of Glasgow: as has already been emphasised composing budgets is not just about desk calculations. Nevertheless it is considered necessary to set the scene with the barest outline of some relevant Glasgow circumstances.

1.16 Glasgow is by far Scotland's biggest district in terms of population. Despite over 30 years of decline the City's population, at 760,955, is approximately $1\frac{3}{4}$ times that of the next highest district and is greater than that of 8 of the 9 regions of Scotland.

1.17 Although the City's origins are ancient the present day area of Glasgow to which regard must be had is a creature of the 19th Century. The population increased by 900 per cent in that confident period of industrial development and continued to increase, though at a less frenetic pace, in the first half of this Century. Much of the physical environment was created over a short timescale and not surprisingly, much has come to the end of its useful life all at once.

1.18 The population is now in decline. The June 1982 population of 760,955 compares with 1,115,160 in June, 1961 a fall of 354,205 or 32 per cent. That is to say Glasgow has lost as many people in the past 21 years as the total present day population of Fife or Tayside and considerably more than the population of Borders, Dumfries and Galloway or Highland Regions.

1.19 A high proportion of the emigrants were in the more economically active group leaving a disproportionate number of dependants. There is a high proportion of lower skilled people in the City. In general, households in the City are less able to complement public expenditure from their personal expenditure in order to meet their social needs than elsewhere. They *need* more public services.

1.20 It must be emphasised that these problems are still current. A report by the Greater Glasgow Health Board in January 1983 highlighted the very severe health problems of children from areas of multiple deprivation. As an example, hospital admissions per 100 births for children under 1 year in the Maryhill/Ruchill area of Glasgow are $5\frac{1}{2}$ times the equivalent figure for the Eaglesham/Clarkston area in the adjoining Eastwood District. Furthermore, children from areas with high admission rates tend to stay in hospital longer. If Glasgow District Council's spending in support of areas of multiple deprivation is to be reduced by the Secretary of State then one sure consequence will be the need for further public expenditure on the hospital service.

Printed image digitised by the University of Southampton Library Digitisation Unit

1.21 Another current report, dated 13 May 1983, gives an analysis by Strathclyde Regional Council of recently published supplementary benefit statistics. This report reveals that 31·4 per cent of the population of Glasgow is at or below the supplementary benefit level compared with 19·5 per cent in Scotland as a whole. Because of DHSS local boundaries "Glasgow" for this purpose includes the affluent adjacent districts of Bearsden and Milngavie, Eastwood and Strathkelvin (part) so the true figure for the city alone is obviously even worse than the 31·4 per cent quoted. Indeed in two of the individual DHSS areas wholly within the city the proportion exceeds 50 per cent.

1.22 Some of the relevant circumstances of Glasgow then are declining population, rising dependancy ratios, high unemployment, low incomes, serious housing problems and multiple deprivation acknowledged generally to be of a quite outstanding nature.

1.23 Neither the District Council nor its predecessor has ever accepted these problems as insurmountable and with the enthusiasm and support of the citizens they have deployed resources to tackle them.

1.24 *The deployment of these resources is reflected directly in the Council's spending figures.*

1.25 Glasgow's spending is now, and in modern times has always been, very substantially higher than that of all other local authorities in Scotland reflecting the completely different *scale* of need.

1.26 The heavy industries on which Victorian Glasgow grew and prospered have virtually disappeared now, and the relatively small number of new manufacturing companies currently being established in the West of Scotland are, partly as a result of Government policies, tending to be attracted to other areas, notably to the New Towns, where they can enjoy greenfield sites, an unspoiled environment, and the low rates which characterise areas not suffering like Glasgow and other urbanised areas, the crippling effects of rapid de-industrialisation, de-population and associated environmental decay.

1.27 To protect what remains of its manufacturing base and, if at all possible, to attract investment which will allow wasteland to be brought back into beneficial use, the city must concentrate resources on the removal of environmental blight and on the maintenance of the improved land. This costs money.

1.28 However, the city's future probably lies outwith the field of manufacturing industry—in commerce, the service sector, tourism and the like. The District Council has an important role to play in the transition, which must be speedy and smooth if it is to be effective and implemented without seriously damaging the interests of the three-quarters of a million people who still reside in the city. To this end, the primary objectives of the Council's corporate plan are to counter unemployment by regenerating the city's economy, to tackle urban deprivation and dereliction, and to stem and, if at all possible, to reverse the population decline.

Printed image digitised by the University of Southampton Library Digitisation Unit

1.29 The Council must try to exploit the city's potential in these areas. The city's image has to be changed and its whole physical environment upgraded quickly or its full potential as a centre of culture and of the arts, as a conference venue, and as a centre for shopping, recreation and leisure activities, will not be realised, and the opportunity to make full use of its existing infrastructure will be lost, as the population declines further (creating demands for new infrastructure in the receiving areas). These aims are totally consistent with the Regional Council's structure plan objectives and are understood to be consistent with Government policy, but they cannot be achieved without spending money. None of the Districts with which Glasgow has been compared by the Secretary of State faces a challenge remotely comparable to that facing Glasgow in this respect.

1.30 Nevertheless the District Council has not embarked upon a sudden escalation of spending. Quite the contrary—due to restrictions in government grant and other government pressures many desirable and indeed necessary programmes have been curtailed in recent years. As an example Glasgow has no adequate indoor sports complex of the type which is now commonplace in much smaller towns up and down the country.

1.31 The figures produced in the appendices to the letter of 5 May are quite misleading and would appear to indicate that the Secretary of State has failed to inform himself adequately before coming to the conclusion that Glasgow's proposed spending was "excessive and unreasonable".

1.32 Paragraph 6 of the Scottish Office letter of 5 May makes it clear that particular reliance has been placed on the figures in the appendices. Part 2 of this paper examines these figures in more detail.

2—The Appendices Examined

2.1 As noted in para 6 of the letter of 5/5/83 the Secretary of State has relied in particular on the information contained in Appendices A to E of that letter. These appendices present a mere handful of figures in different guises—sometimes with urban programme expenditure included, sometimes with it excluded; sometimes in constant prices, sometimes in a mixture of constant prices and cash prices; sometimes in global terms, sometimes per head of population.

2.2 Before going on to look at the appendices in detail attention must first be drawn to the fact that the figures quoted in Appendices A, B and C all consist of expenditure including temporary loan interest (which in some years is a positive and in some years a negative figure). Temporary loan interest is quite different from expenditure on services. The amount of such interest can fluctuate widely from year to year due to allocation policies, interest rate fluctuations, balances on hand and cashflows (good examples of cashflow problems are the timelags in payment of Exchequer Grants for Urban Redevelopment and for Housing Improvement Grants, both of which are currently the subject of representations from the District Council to the

Printed image digitised by the University of Southampton Library Digitisation Unit

Scottish Office). In terms of Circular 7/1983 the Secretary of State excludes loan charges from his assessment and it seems surprising that temporary loan interest is not at least excluded from the year to year comparisons in the Appendices to the Scottish Office letter.

2.3 The inclusion of temporary loan interest in the particular figures quoted for Glasgow has a quite marked effect. Over the period quoted the Glasgow temporary loan interest figure changed from a £3·3 million credit to a £2·5 million debit. Thus while Appendix C shows the change in expenditure between 1978–79 and 1983–84 as plus 13·2 per cent for Glasgow, if temporary loan interest was excluded it would show that expenditure on services increased by only 5·2 per cent. It would appear that the Secretary of State has formed an erroneous impression of the change in the Glasgow figures over the years because of the inclusion of the highly significant temporary loan interest item in the figures presented to him.

APPENDIX A

Guidelines

2.4 Appendix A notes the various methods used in attempting to provide "guidelines" to individual local authorities over the years. As the text of the Appendix acknowledges and the indicative guideline figures shown reveal there has been no consistency over the years in arriving at these so called guidelines. This is not surprising. If it were possible to calculate an authority's needs by using some convenient mathematical technique there would be no need for the local democratic process. The measurement of need for local services is not an exact science; it is a matter of political judgement based on local knowledge.

2.5 The latest attempt at making up guidelines ie 1983–84, is said to be based on the "client group approach but with some changes in the methodology following consultation with the COSLA".

2.6 By a quite incredible coincidence the result of this scientific approach was to produce identical guideline figures for all districts for 1983–84 to those produced in 1982–83 by the superseded "methodology".

2.7 This does not show up clearly in Appendix A because the figures presented for 1978–79 to 1982–83 include urban programme spending while 1983–84 excludes this. What it means however is that Glasgow was given a guideline of £66·34 million in 1983–84, exactly the same in cash terms as the 1982–83 guideline adjusted for the inconsistency in treatment of urban programme expenditure—just as if there had been a nil rate of inflation between 1982–83 and 1983–84, as if there had been no transfer of functions under the Local Government and Planning (Scotland) Act 1982 (which cost Glasgow £1 million) and as if the Secretary of State had not been aware of the imminent opening of the Burrell Gallery with which the Scottish Office has been closely associated because of its 50 per cent capital grant.

Printed image digitised by the University of Southampton Library Digitisation Unit

2.8 As for COSLA having been consulted it is perhaps sufficient on this point to reproduce the relevant passage in the official government minute of the meeting between COSLA and the Secretary of State of 10 December 1982. "17. In response to the Minister's remarks Convention representatives expressed concern about various aspects of the guidelines for 1983–84. They thought it unsatisfactory that the precise role to be played by the unallocated margin was not spelled out by Ministers since authorities would not know precisely where they stood in determining their budgets. Observance of the guidelines, particularly those for district councils, would in their view require unacceptable cuts in services involving, for example, in leisure and recreation the closure of many establishments. There was particular concern that the 1983–84 guidelines did not use as the basis for reducing fluctuation a revised version of the 1982–83 guidelines which took account of the improvements in the method of calculating expenditure need use for 1983–84. District Council representatives were seriously concerned about the prospects of containing expenditure to a level no different from that proposed for 1982–83 given the fact that they had taken on new functions following the Local Government and Planning (Scotland) Act 1982. Councillor Stewart criticised the decision to drop the multiple deprivation factor from the guideline calculations for 1983–84."

APPENDIX A

Expenditure

2.9 Turning to the "expenditure" figures shown in Appendix A it should first be noted that there has been a reclassification, in the Glasgow budgets, of expenditure in 1982–83 and 1983–84 such that amounts of £4·9 million and £5·3 million respectively are included in this line whereas in previous years they were treated as non-relevant expenditure.

2.10 These sums are in respect of Area Management Committee budgets. As Glasgow members of parliament will know because they participate fully in their operation, there are 8 area management committees within the city comprising MPs, regional and district Councillors and other community representatives. These committees have, in effect, delegated powers which allow them access to limited sums of money for spending on local services in their area. These sums do not represent additional expenditure in 1982–83 and 1983–84 as compared with the previous year because appropriate amounts of finance have been diverted to compensate. This does not show up in Appendix A because these diverted sums were in the non-relevant section (Housing) of the budget which has not been taken into account in Appendix A.

2.11 This explains the apparently substantial increase between the 1981–82 and 1982–83 expenditure figures quoted.

2.12 The 1982–83 and 1983–84 figures are not strictly comparable either because the former includes urban programme expenditure while the latter does not. However the difference between the two years is accounted for by provision for Cost Inflation £5 million, Housing Environmental Grants £4 million, the

Printed image digitised by the University of Southampton Library Digitisation Unit

running costs of the new Burrell Gallery £1 million and the cost of the 1982 functions transferred £1 million. Each of these items is dealt with separately below.

Cost of Inflation

2.13 The District Council is required by section 108 of the Local Government (Scotland) Acts, 1973 to make reasonable and prudent provision for future pay and price rises in order to levy sufficient rates.

2.14 Government forecasts of future cost inflation inevitably tend towards optimism. Each local authority must make its own assessment. Glasgow's assessment is only marginally higher than the government's.

2.15 If however the District Council has overestimated the level of future inflation of costs then there are no public expenditure implications whatsoever in this overestimate. The extra money will simply not be required and will not be spent. If the District Council forecast is correct then to use a lower figure would simply run up a deficit. Having regard to current movements of prices and costs and widespread forecasts of a modest upward movement over the 2nd, 3rd and 4th quarters of 1983–84 the District Council has no reason at this stage to consider its provision to be far wrong.

The £4 million Environmental Grants

2.16 The £4 million for Housing private sector environmental improvement grants which has been provided in the 1983–84 budget is capital expenditure to be met out of current revenue. This is an exceptional item for this year only and is required solely because the District Council wishes to participate in the government's expansion of the repair and improvement grant programme while meeting existing commitments to environmental grants.

2.17 The problem arose when the Minister Mr Allan Stewart, announced to COSLA at a meeting on 14 December 1982 a proposed major expansion of the repair and improvement grant programme. The mechanics of operating the expansion were however unbelievably clumsy.

2.18 Mr Stewart announced that once any local authority had spent 80 per cent of its Non-HRA capital allocation on private sector repair and improvement grants it could spend as much as it liked on further repair and improvement grants in the remainder of the year 1983–84.

2.19 It was immediately pointed out that the real significance of that rule was that no authority whose need for Slum Clearance, Home Loans, Environmental Grants and other more minor items forming part of the Non-HRA block (ie all the items covered by the block, other than repair and improvement grants) amounted to more than 20 per cent of their Non-HRA block allocation could participate in the repair and improvement grant expansion. The folly of suggesting a uniform 80/20 split when clearly the need for spending on items like Slum Clearance, Environmental Grants etc, was far from uniform across the country was pointed out.

Printed image digitised by the University of Southampton Library Digitisation Unit

2.20 Repeated efforts were made between December and February when the Council had to determine its budget, to have this indiscriminate and clumsy rule amended to take account of the Glasgow position where, in normal course, some 33 per cent of the Non-HRA block was required for Slum Clearance, Home Loans, Environmental Grants, etc. The government was unmoved and seemed prisoners of their own ill-thought-out and self imposed rule.

2.21 The District Council broke the deadlock in the only practical way open at the time—by augmenting the 20 per cent element of the capital allocation through the provision of a further £4 million in the revenue budget. This was the key to Glasgow's participation in the repair and improvement grant expansion.

2.22 The city began to gear itself up for a £50 million programme of private sector repair and improvement grants in view of the needs of the older tenement stock of the city and of the job creation potential in such a programme.

2.23 Glasgow's initiative was welcomed by the Minister when he met Council representatives on 31 March 1983.

2.24 A further twist to this saga has come in the Scottish Office letter of 20 May 1983 (a copy of which is included as Annex 8) which appears to recognise, albeit very belatedly, that a problem has been caused to the Council by the Government's procedures. However accompanying the offer of an additional Capital Allocation of £3 million there is a thinly veiled threat that the Secretary of State will persist in his unwarranted assertion that the District Council is planning to spend at an excessive and unreasonable level in 1983–84 and that he will persist in seeking parliamentary approval for a cut in the district rate of at least 1·5p (which incidentally would return less than 6p per week to the average householder).

2.25 The letter of 20 May appears designed simply to save face for the Secretary of State while at the same time setting up the District Council as excessive and unreasonable. As is made absolutely clear throughout these representations the District Council is not planning excessive and unreasonable spending. A £3 million Capital Allocation without the accompanying threat of selective action on spurious grounds would allow the ratepayers to get the benefit of their 6p per week in 1984–85. In this connection it is revealing to note that when the Secretary of State recently discovered that his forecasts for debt charges for 1979–80 were incorrect and that he had in consequence underpaid Glasgow some £1½ million in Housing Support Grant he decided to make no correction whatsoever because the sum involved was less than the equivalent of a 3p rate which he insisted, in the face of unanimous opposition from the Convention of Scottish Local Authorities, was the minimum reasonable threshold for making the adjustments amongst the 56 housing authorities. The District Council would of course have to make any re-rating adjustment over 340,000 ratepayers.

Printed image digitised by the University of Southampton Library Digitisation Unit

2.26 That however is only one aspect of the £4 million. An even more bizarre aspect is that Finance Circular 7/1983, to which specific reference is made in the Scottish Office Finance Division's letter of 5 May 1983, states categorically that the Secretary of State has decided that he will leave Housing expenditure out of account in any action under section 5. Yet it has clearly been taken into account in his proposed £10 million cut and it is most definitely included in the £90·56 million in Appendix A—the principal figure which the Secretary of State has "in particular—carefully considered" before being satisfied that the City's estimated expenses are "excessive and unreasonable".

2.27 The Secretary of State in "satisfying" himself has been "carefully considering" what are, by his own definition in Circular 7, the wrong figures! All of the Glasgow expenditure figures in the various appendices are seriously distorted by this fundamental error. Using the Secretary of State's own appendices, once the £4 million is corrected for, there would be no case for Glasgow to answer in any just comparison with the other local authorities.

2.28 Incidentally the 80/20 test is, as predicted, having an uneven effect. However, aggregate figures for Scotland show that only Glasgow has had to resort to the inclusion of a provision in its revenue budget. Even if it had not been, as noted above, impermissible to take account of the £4 million it would therefore have been grossly unfair to do so in comparisons.

Burrell Gallery

2.29 The Burrell Gallery is a £20 million museum and art gallery of international significance due to open to the public in October 1983. In recognition of its major contribution to museum and gallery facilities in Scotland the government is meeting half the capital cost of the building.

2.30 It can make no sense in these circumstances to ignore the fact that 1983–84 will bring additional running costs of approximately £1 million and yet no allowance has been made anywhere in the Scottish Office figures for this.

Transfer of Functions under the 1982 Act

2.31 Following on the Stodart Committee Report the Local Government and Planning (Scotland) Act, 1982 provided for the transfer from regions to districts of certain local services. At least that is the District Council's understanding of the legislation and £1 million has been provided in the Council's 1983–84 budget for these extra costs. However since no allowance whatsoever has been made for this by the Secretary of State in his assessment, the view now appears to have been taken that authorities should take the chance to opt out of some responsibilities altogether.

2.32 One substantial part of the transferred functions relates to Leisure and Recreation including grants to social and cultural bodies. In view of the Secretary of State's very recent specific approval to the city to make substantial exceptional grants to both Scottish Opera and Glasgow Zoo the Council finds the Secretary of State's attitude once again to be quite incomprehensible.

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX A

Comparison with Guidelines

2.33 Appendix A concludes that at 36·5 per cent Glasgow's "excess over guidelines" is well above the district average of 21·8 per cent. As already explained the 36·5 per cent is improperly exaggerated by the inclusion of £4 million Housing expenditure which must not be taken into account and by £1 million in respect of the Burrell Gallery which is peculiar to Glasgow. Eliminating these two items brings the percentage "excess" down to 29 per cent which is well "among the pack" of authorities. Indeed there are no fewer than 5 authorities with greater "excesses" against whom no selective action is proposed. Furthermore, analysis of Glasgow's figures in comparison with others later in this paper will show the City's spending increase to be well within the norm. Thus the Glasgow "guideline" must obviously be particularly suspect.

APPENDIX B

2.34 Appendix B to the letter of 5 May compares Glasgow with so-called "closely comparable" authorities—Cumbernauld, Aberdeen, Falkirk, Clydebank and Edinburgh. Such comparisions are ludicrous. As recently as 1974 the population of Glasgow exceeded that of all 5 comparators put together! Furthermore the characteristics and scale of problems and needs of Glasgow bear no relation whatsoever to the comparators quoted.

2.35 No attempt was made, in the letter of 5 May, to explain in what respect these authorities were considered to be "closely comparable" with Glasgow. When asked to explain how the comparators were chosen the Scottish Office replied (see Annex 10), "on the basis of a 'nearest neighbour' method using the weighted values of the following variables:

(i) rateable subjects per head of population,

(ii) percentage of population in settlements less than 1,000, and

(iii) percentage of population in settlements from 1,000 to 10,000".

2.36 There are many statistics which might have been examined to give some flavour of the relative needs of the areas. Instead, in relation to the most densely populated city in the country, the Secretary of State has chosen to ask himself what percentage of Glasgow's population lives in settlements of less than 1,000 people. The factors taken into account are not just irrelevant—they are ridiculous.

2.37 Social deprivation factors, unemployment, population density, income levels, etc are all relevant to district council services. Costs of vandalism, need for leisure and recreation facilities, need for support and promotion of industry are just the more obvious elements of local authority budgets which can be directly related to such factors.

2.38 Where there is a preponderance of lower incomes there is a need for more public services because people cannot afford to contribute towards many of their social needs from personal income.

Printed image digitised by the University of Southampton Library Digitisation Unit

2.39 The following are just examples of statistics which must be relevant in any comparison of the needs of Glasgow and the other authorities. They show clearly that from every relevant point of view Glasgow's problems and needs are substantially greater than those of the comparators. All figures are taken from the Small Area Statistics Tables from the 1981 Census data.

	Glasgow	*Aberdeen*	*Clydebank*	*Cumbernauld*	*Edinburgh*	*Falkirk*
Unemployment SAS Table 5	19·2%	6·3%	17·3%	11·9%	8·6%	12·5%
Youth Unemployment SAS Table 9	29·2%	10·5%	20·6%	22·5%	17·3%	23·0%
Handicapped/Permanently Sick SAS Table 20	2·9%	1·7%	2·6%	1·7%	1·6%	1·9%
Children in Large Households SAS Table 22	17·1%	6·6%	16·0%	11·4%	9·3%	9·8%
Amenity Deficiency (Bath & WC)—SAS Table 10	4·7%	4·3%	1·3%	0·3%	4·1%	1·4%
Overcrowding SAS Table 10	6·3%	2·3%	4·0%	1·4%	2·1%	1·5%
Over Occupancy SAS Table 43	15·9%	8·3%	11·7%	5·0%	7·9%	5·5%
Single Parents SAS Table 31	20·3%	14·8%	16·4%	10·7%	16·7%	12·4%
Poverty (SEGS 7, 10, 11 15 & 17)— SAS Table 49	28·2%	21·4%	24·8%	20·4%	18·3%	24·2%

2.40 Comparisons are odorous and Glasgow has no wish to minimise the problems and needs of the areas quoted by the Secretary of State as being "closely comparable". Our argument is simply that these areas are very different from Glasgow.

2.41 Cumbernauld is a burgeoning new town with a population one twelfth of Glasgow's. It certainly has close connections with the city in that it was built specifically to house Glasgow overspill. It remains dependant upon Glasgow for many public facilities and commuters undoubtedly form part of the contact as distinct from resident population which must be served by Glasgow District Council. Cumbernauld has modern housing (a remarkable 87 per cent of all houses are publicly owned with in most cases the costs met by central government via the Development Corporation), a young population and plenty of space. Glasgow's density of population is no less than 6½ times that of Cumbernauld's. Because Cumbernauld is more of a dormitory area (eg 41 per cent of its rateable value is housing as against 30 per cent in Glasgow) services to industry and commerce are on a much smaller scale and costs *per head of population* are likely to be correspondingly low. The existence of the Development Corporation to share the burden of some local services—housing, rent rebates and industrial promotion in particular but to a lesser extent others like leisure and recreation—relieves the pressure on local authority expenditure and district rates. Because Cumbernauld is an overspill town many of its inhabitants chose to move there. They tend to be young economically active people who need less support from local services: this directly complements the growing dependency ratio in Glasgow.

Printed image digitised by the University of Southampton Library Digitisation Unit

2.42 Aberdeen is the boom town of the north east with a population the size of Renfrew's. Always a relatively prosperous area of the country it has had the added fillip of oil related development. In consequence it has weathered the unemployment crisis much better than has Glasgow. Of the 10 worst parliamentary constituencies in the UK in terms of unemployment no less than 5 are in Glasgow. In contrast Aberdeen constituencies are amongst the lowest in Scotland. Some 52 per cent of the houses in Aberdeen are privately owned compared with 37 per cent in Glasgow.

2.43 Falkirk is a district of contrast. In area it is half as big again as Glasgow—and yet its population is less than one-fifth that of the city. Its population density is lower even than Cumbernauld's but it contains a huge petro-chemical, etc industrial complex.

2.44 Clydebank is a town contiguous with Glasgow containing the major part of the Scottish rate free enterprise zone. It has many similarities with the city and there is (or rather before major industrial closures on both sides of the boundary there was) a very considerable commuter traffic in both directions. The population of Clydebank is however less than 7 per cent of Glasgow's.

2.45 Scotland's capital city is one-third larger in area than Glasgow but Edinburgh's population is less than 60 per cent of Glasgow's. Edinburgh is a much more prosperous city. Private housing accounts for 68 per cent of the total in Edinburgh against Glasgow's 37 per cent. The average value of an Edinburgh house is 34 per cent higher than the Glasgow average. There are major national museums, galleries and libraries in Edinburgh paid for out of the national exchequer. The equivalent facilities in the West of Scotland are included in the Glasgow District Council expenditure figures. For example, Glasgow ratepayers will have to bear the net annual cost (including debt charges) of the Burrell Gallery of almost £3 million.

2.46 Turning now to the Glasgow District Council expenditure per head figures used in Appendix B there are a number of anomalies. Reference has already been made (para 2.9) to the inconsistency of the data used in the 1978–79 to 1983–84 series in that the years 1982–83 and 1983–84 include Area Budgets of £4·9 million and £5·3 million respectively whereas the equivalent expenditure in previous years was in the non-relevant sector and so is not included in the figures in Appendix B.

2.47 Furthermore the 1983–84 figure is distorted by the improper inclusion of £4 million of housing expenditure as explained in paragraph 2.26.

2.48 Thirdly, since the Burrell Gallery is peculiar to Glasgow and yet has national—indeed international—significance the inclusion of its running costs in 1983–84 distorts the comparisons.

2.49 When the necessary corrections are made to allow a proper comparison of the percentage change over the periods 1978–79 to 1983–84 and 1982–83 to 1983–84 the figures become quite different from what is shown in Appendix B.

	Per Appendix B	*Excl. Area Budgets*	*Excl. also Housing*	*Excl. also Burrell*
1983–84 over 1982–83	+8·8%	+9·2%	+3·7%	+2·7%
1983–84 over 1978–79	+20·4%	+13·4%	+7·8%	+6·7%

Printed image digitised by the University of Southampton Library Digitisation Unit

2.50 It will be seen now that Glasgow's increases of 2·7 per cent and 6·7 per cent are well within the average for so-called closely comparable authorities (5·5 per cent and 9·5 per cent) and well within the average for all Scottish district councils (6 per cent and 8·7 per cent).

2.51 Even that is not the whole picture from this Appendix because by calculating expenditure *per head of population* the table automatically builds in an increasing trend for authorities with decreasing population (of which Glasgow is an outstanding example) and a decreasing trend for authorities with increasing populations. This is because district expenditure is related much more to environmental factors than to population and hence spending does not fall in line with population loss. Despite (indeed because of) Glasgow's drastic loss of population the acreage of open space and parkland to be maintained has not reduced but increased, the miles of street to be cleaned have not reduced and so on. If the Glasgow expenditure figures per head had been standardised to show what the effect would have been had the population remained static at the 1978 level it would have reduced the 6·7 per cent shown in paragraph 2.49 to 0·2 per cent such is the powerful effect of population change on per capita figures.

2.52 Glasgow's spending needs have always been higher than average because the needs of the city are so much greater. However the above figures show that Glasgow has been coming closer to the average in recent years.

2.53 When accurate figures are presented they show that there can be no justification whatsoever for any accusation of "excessive and unreasonable" expenditure against the city.

APPENDIX C

2.54 This appendix purports to compare Glasgow's expenditure changes between 1978–79 and 1983–84. Reference has already been made (paragraph 2.9) to the inconsistency of the data used over that period in that the years 1982–83 and 1983–84 include Area Budgets of £4·9 million and £5·3 million whereas the equivalent expenditure in previous years was in the non-relevant sector which is not included in the figures in Appendix C. The comparison over the period 1978–79 to 1983–84 is therefore invalid.

2.55 Furthermore the 1983–84 figure is distorted by the improper inclusion of £4 million of housing expenditure as explained above.

2.56 Finally since the Burrell Gallery is peculiar to Glasgow and yet has national significance its inclusion further distorts the comparison.

2.57 The changes in expenditure are presented in Appendix C:—

	GDC	*All Districts*	*All Local Authorities*
1983–84 over 1982–83	+8·8%	+6·3%	+1·8%
1983–84 over 1978–79	+13·2%	+10·3%	+5·2%

Printed image digitised by the University of Southampton Library Digitisation Unit

These figures, containing the anomalies referred to above, appear to show Glasgow as having increased its spending over the periods by more than the all district average and significantly more than the average of all authorities including regions and islands. When the corrections required in terms of paragraph 2.54 to 2.56 above are made the picture becomes quite different.

	Per Appendix C	*Excl. Area Budgets*	*Excl. also Housing*	*Excl. also Burrell*
1983–84 over 1982–83	+8·8%	+9·2%	+3·7%	+2·7%
1983–84 over 1978–79	+13·2%	+6·6%	+1·3%	+0·2%

2.58 It is clear from the above table that when more consistent and accurate data are used Glasgow far from being above average is well below average in its spending increase.

APPENDIX D

2.59 According to paragraph 5(c)(i) of the Scottish Office letter of 5 May 1983 Appendix D purports to show "the effect of your authority's expenditure decisions in respect of each of the years above referred to on the rate poundage fixed by your authority for each year".

2.60 However, the truth is that the biggest single factor in any local authority's budget and rate poundage is the level of government grants and in particular changes in that level. There has been a very definite policy of late of transferring burdens from national taxpayers to local ratepayers (from direct to indirect taxes).

2.61 In Glasgow's case, between 1979–80 and 1983–84, the proportion of the Council's budgeted expenditure which is met from government grant has fallen steadily from 41 per cent to 31 per cent (adjusting for the introduction of reimbursable housing benefits in 1982).

2.62 The rate poundages shown in Appendix D reveal that Glasgow has nevertheless not been out of step with other local authorities in its rate levels. In 1983–84 the district rate increased by 5·2 per cent which is in line with inflation and certainly is less than the 6·1 per cent quoted for districts generally.

2.63 Over the whole period quoted in the Appendix Glasgow's rate poundage increased by 130 per cent as against 131·5 per cent for all Scottish Authorities.

2.64 Once again it must be kept in mind that the £4 million for housing environmental grants distorts this picture. Because of this provision 2p of the 1983–84 rate increase is directly attributable to the government's intransigence over the 80/20 rule referred to at paragraph 2.16 et seq above. Without this 2p the Glasgow rate increase in 1983–84 would have been 1·7 per cent—far less than the district average and equivalent to the average including regions.

Printed image digitised by the University of Southampton Library Digitisation Unit

2.65 Finally it should be noted that if the Glasgow rate was reduced by 5p as called for by the Secretary of State the rate would be lower than in 1982–83 and the total increase over the whole period 1978–79 to 1983–84 would be very much less in Glasgow than in the country as a whole.

APPENDIX E

2.66 Appendix E shows population figures over the period 1978 to 1982. It concludes "The District's population has fallen considerably since 1978. The number of children under 16 has fallen at twice the Scottish level, while the number of over 65s has fallen against the Scottish trend. This reduction in total population and in the main age groups does not however indicate a need to incur the high level of expenditure planned for 1983–84".

2.67 To underplay and dismiss the City's population changes in this fashion is breathtaking. One wonders what the point of this Appendix is if the figures are to be dismissed. Perhaps a more realistic presentation of the facts is called for.

2.68 Glasgow's population has been falling for over 30 years. As noted earlier over the past 21 years the population of the area covered by the District Council has fallen by 32 per cent or 354,205 people. These are dramatic figures by any standards and cannot be dismissed.

2.69 Even these figures conceal a major part of the problem because within the City boundary there has been a massive internal movement of population as older areas have been redeveloped and newer estates built.

2.70 Population change on this scale has special financial consequences for the local authority. At District Council level where few services are directly related to the number of citizens but rather more to the physical environment, many services *actually cost more* in absolute terms because of the population changes. There has been a vast increase in acreage of open space to be maintained by the District Council—hastened by the capital works financed by MSC and SDA (in GEAR and elsewhere). The capital costs and revenue consequence of urban redevelopment have been on a scale not seen elsewhere in the country. The vast upheavals have generated a need for more community facilities and more intensive servicing of local areas to help rebuild wounded communities.

2.71 Many other services and costs cannot be reduced in line with falling population. Obviously historic debt charges do not fall in line with population and so become an increasing burden on the residual population. But equally the cost of maintaining a park or sports hall or pool does not reduce because the catchment of the area has declined—indeed if the income falls the net cost may actually increase in some of these examples too.

2.72 The changing composition of the population is also important. A greater proportion of the residual population is in need of community support and this manifests itself in increased local expenditure on services. As well as increased expenditure on services the net direct cost to the District Council of

Printed image digitised by the University of Southampton Library Digitisation Unit

rent rebates and housing benefits, after crediting government grant, now amounts to £4·4 million.

2.73 Population change does not just affect the Council's need to spend—it also reduces the government contribution made through rate support grant. Both the needs element and the resources element of rate support grant are directly related to population. Many many millions of pounds have been lost to the City over the years because of this.

3—Other Criteria

3.1 This brief section considers a number of other criteria by which the Secretary of State is wont to judge local authorites but which he has ignored at this time.

Manpower Numbers

3.2 One criterion frequently set before local authorities by the Secretary of State as being of particular importance in his eyes is manpower numbers. At meetings between Mr Younger and COSLA he invariably calls for reductions in the number of local authority employees.

3.3 Over the year 1982 (ie the latest published figures) the total manpower watch full time equivalent figures for Scotland fell by 1·5 per cent. Over that same period the Glasgow figures fell by 8·4 per cent.

3.4 Over the full period back to 1978 used by the Secretary of State in his letter the Scottish figures remained static (December 1978 to December 1982) while the Glasgow figures fell by 5·5 per cent.

3.5 Glasgow District Council does not welcome the loss of jobs which these figures indicate. However, they do make it clear that by another of his own criteria the Secretary of State cannot possibly find Glasgow "excessive and unreasonable".

Council House Rents

3.6 Another aspect of local authority finance which the Secretary of State and the Minister have laid great stress upon is local authority rent levels. Glasgow's rents have tended to be a little above average and the 1983–84 rent increase of 6½ per cent is fully enough to keep them in line with inflation.

3.7 Once again the Secretary of State can have no complaint about Glasgow on this score.

Housing Expenditure Limitation

3.8 Local authorities are notified by the Secretary of State of a target rate fund contribution to housing revenue account—an indication of what he thinks would be an appropriate contribution to council housing. In 1983–84, for the first time ever, Glasgow managed to meet the Secretary of State's target.

Printed image digitised by the University of Southampton Library Digitisation Unit

3.9 How can we suddenly be "excessive and unreasonable" this year when for the first time ever we have met the government's target for our biggest and most expensive service?

4—Summary

4.1 The Secretary of State is seeking to reduce the Glasgow rate poundage by 5p. This would return 19p per week to the average domestic ratepayer. The price would be a £10 million cut in spending on local services.

4.2 Section 5 of the 1982 Act requires the Secretary of State to indicate "the amount of and the reasons for the proposed reduction". No explanation of the proposed 5p reduction has been given. The Secretary of State has refused to discuss it with the Council.

4.3 No study of the needs and resources of Glasgow has been undertaken by the Secretary of State. Every independent commentator recognises Glasgow's overall problems of social deprivation as being on a greater scale than elsewhere. No reference has been made to these by the Secretary of State though the massive population upheaval which the city has undergone is given passing reference and dismissed in the same sentence.

4.4 There appears to have been complete reliance on a desk exercise which produced "indicative guidelines" for each local authority. Incredibly this exercise produced exactly the same guideline for Glasgow for 1983–84 as the comparable figure for 1982–83 despite—

— "changes in methodology"

— pay and price increases between the two years

— the opening of the Burrell Gallery with its attendant running costs

— the transfer of functions from region to district

4.5 The District Council is composed of local people democratically elected by local people. Before determining its budget a very broad ranging consultation process was undertaken throughout the whole community. Press and the public alike have accepted the resultant budget as reasonable in the circumstances. Only the Secretary of State from the distant tower of New St Andrew's House has quarrelled with it.

4.6 Parliament envisaged that only in very exceptional circumstances would the powers in section 5 be used; as Malcolm Rifkind, MP, once put it where councils "demonstrated a desire to incur expenditure so dramatically in excess of the government's wishes that they have implications for the national economy as well as imposing intolerable burdens on local ratepayers". While the government's policy of transferring burdens from national taxpayers to local ratepayers has affected Glasgow as elsewhere there can be no justification for claiming exceptional circumstances such as would justify government action against the city.

Printed image digitised by the University of Southampton Library Digitisation Unit

4.7 The Secretary of State has misinformed himself in considering Glasgow's expenditure figures—

— by using expenditure data for the period 1978–79 to 1983–84 which are not consistent year by year

— by using figures which include housing expenditure when he has specifically bound himself to exclude housing in this exercise

— by including in the figures of expenditure year by year temporary loan interest as if it was a normal item of expenditure on services over which the Council had direct control, whereas it fluctuates greatly in accordance with factors such as balances, interest rates and cashflow which are not within the direct control of the Council.

4.8 When genuinely comparable figures are used Glasgow District Council's expenditure increase over the years quoted is well below the average for the so called "closely comparable" authorities, well below the average of all districts in Scotland and well below the average of all local authorities in Scotland.

4.9 Because of the peculiarly Glasgow requirement for a £4 million provision for housing private sector environmental grants—due to the ineptitude of the Secretary of State in the arrangements for his expansion of the repair and improvement grant programme—the city rate is inflated by 2p for the year 1983–84. Without that element the Glasgow rate increase would have been reasonably in line with all districts over the period 1978–79 to 1983–84 and the increase in 1983–84 compared with 1982–83 would have been well below the Scottish districts average. Even without this correction the Glasgow rate increase over the 5 years is 130 per cent compared with an average of all Scottish local authorities of 131·5 per cent.

4.10 When correct data are used the Secretary of State's case for concluding that Glasgow's budget for 1983–84 is excessive and unreasonable completely falls apart.

1 June 1983

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 3

SCOTTISH OFFICE
FINANCE DIVISION
New St. Andrew's House
St. James Centre
EDINBURGH, EH1 3TB
Telephone: 031-556 8400, *ext.* 5282

The Town Clerk
Town Clerk's Office
City Chambers
GLASGOW
G2 1DU

29 June 1983

Dear Sir,
LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

1. I refer to my letter of 5 May 1983 and to your letter of 6 June enclosing your Council's representations in response to the Secretary of State's decision to initiate action against your Council under section 5 of the Local Government (Scotland) Act 1966 on the grounds that its planned expenditure for 1983–84 was excessive and unreasonable.

2. Representatives of your Council met Mr Michael Ancram MP, Minister for Home Affairs and the Environment, on Monday 20 June so that your Council could expand on its representations to the Secretary of State. A note of this meeting is enclosed and I would be grateful if you would confirm that it is a correct record.

3. The Secretary of State has considered your Council's representations and Mr Ancram has reported to him the points made by your Council's representatives at the meeting of 20 June.

4. I am directed by the Secretary of State to say that he found the points made in your representations and in your meeting with Mr Ancram very useful and that he has taken them fully into account in considering what further action he should take under section 5 of the 1966 Act. He has had regard to these representations and accepts that the £4 million included in your budget for housing improvement grants can properly be considered housing expenditure thus affecting correspondingly the comparisons set out in the Appendices to the letter of 5 May. The Secretary of State, while still considering that your Council's estimated expenses are excessive and unreasonable, now considers that the rate reduction proposed by him in the letter of 5 May should be limited to 3p.

Printed image digitised by the University of Southampton Library Digitisation Unit

5. I would be grateful if you would let the Secretary of State know by 6 July whether your Council would now be prepared under section 108A of the Local Government (Scotland) Act 1973, to reduce its rate by 3p. An early agreement to a voluntary rate reduction would have the advantage of making clear to the Council and to its ratepayers at a relatively early stage its financial position for the rest of the financial year. If the Secretary of State is not informed by 6 July that your Council proposes to make such a voluntary rate reduction, the Secretary of State proposes to lay immediately thereafter a report before the Commons House of Parliament asking for their approval under section 5 of the 1966 Act to a reduction in your Council's rate of 3p.

6. As regards the expenditure now regarded as housing expenditure, the Secretary of State accepts your assurance that, following the extra capital allocation of £3 million for environmental improvement grants, at least £3 million of the £4 million included in your revenue budget will not need to be spent from the revenue budget and confirms the allocation on this basis. As a matter of clarification, the Secretary of State would also want to know whether you propose to spend the remaining £1 million, allocated to the Other Housing Revenue Account, which is the sum remaining when account has been taken of the extra £3 million of capital allocation for environmental improvement grants. If any of this sum is to be spent in 1983–84 it will be necessary, in view of paragraph 4 of Annex A to the Scottish Development Department's letter of 30 March, to make a corresponding reduction in the Council's non-HRA block capital consent contained in that letter.

Yours faithfully

N. G. Campbell

N G CAMPBELL

Printed image digitised by the University of Southampton Library Digitisation Unit

MINUTES OF MEETING BETWEEN THE MINISTER FOR HOME AFFAIRS AND THE ENVIRONMENT AND GLASGOW DISTRICT COUNCIL HELD ON MONDAY 20 JUNE 1983 IN NEW ST ANDREW'S HOUSE

Present: Michael Ancram MP (Minister for Home Affairs and the Environment)

Scottish Office	*Glasgow District Council*
Mr W K Reid	Councillor Mrs J McFadden
Mr N G Campbell	Councillor N Stobo
Mr D A Campbell	Councillor R Gray
Mr D Stewart	Councillor Mrs Maria Fyfe
Mr I J C Howie	Mr S Hamilton (Chief Executive)
Mr W A McNeill	Mr W J English (Director of Finance)
	Mr Skinner (Public Relations Officer)

1. *Mr Ancram* welcomed the representatives of the District Council. He said that the purpose of the meeting was to enable the Council to enlarge upon the representations made in their Chief Executive's letter of 6 June 1983 in response to the Scottish Office letter of 5 May which notified them that the Secretary of State was initiating selective action under section 5 of the Local Government (Scotland) Act 1966 on the grounds of excessive and unreasonable expenditure.

2. *Councillor Mrs McFadden* said that the Council agreed with the Minister that City's rates were too high but they could not accept the reason for this was attributable to excessive and unreasonable spending by the District Council. In the Council's view there was a need for central government to recognise the City's unique problems and to increase the level of central government support so that the burden on ratepayers could be lightened. The Council had shown willingness to co-operate with the Government in a number of respects and Mrs McFadden invited the Minister to visit the City and to see the problems faced by the Council and the improvements made.

Councillor McFadden asked for a statement of the Government's reasons for initiating action against the Council. She also sought confirmation that the Secretary of State's case was based entirely on the material contained in the Scottish Office letter of 5 May.

3. *Mr Ancram* said that the Secretary of State accepted Glasgow was in an exceptional position and this was reflected in the fact that their current expenditure guideline was the highest of all districts and almost 50 per cent above the average. But it was impossible to ignore a guideline excess which was so far above other districts. He confirmed that the letter of 5 May represented the Secretary of State's case against the Council. He said that the main reasons for taking action were:—

1. the Council's expenditure plans for 1983–84 were 36·5 per cent above the current expenditure guideline. This was the highest excess of any district council and well above the district council average of 21·8 per cent;

Printed image digitised by the University of Southampton Library Digitisation Unit

2. the Council's expenditure per head of population was £112·32, well above the average for its comparators and more than double the average for district councils;

3. the Council's budget for 1983–84 represented growth in expenditure in real terms over 1982–83 at a time when the Secretary of State had asked all authorities to make reductions in their spending.

Provision for Expenditure on Private Sector Environmental Improvement Grants

4. The Council's representatives explained that a sum of £4 million in their relevant expenditure budget was in fact housing capital to be met from current revenue and that this sum ought to be excluded from the budget for comparison with guidelines. The Council had felt it necessary to include this sum in their budget because of the restrictions applied by the Government on the use of the non-Housing Revenue Account in the current financial year. Councillor Mrs McFadden said that in the light of the Government's offer of an extra capital allocation of £3 million on the non-HRA block for 1983–84 this sum would not be spent, which meant that £3 million would be returned to the ratepayers as part of the 1984–85 budget. *Mr Ancram* questioned why it could not be returned in the form of a rate reduction for 1983–84 and the Glasgow representatives said that the administrative cost of returning a rate reduction of 1½p outweighed the possible advantages to ratepayers. *Councillor Gray* felt that it was unfortunate that Glasgow were apparently to be penalised for assisting the Government by participating in the scheme for an expansion of repair and improvement grants. The Council would not have rated for the £4 million of capital from revenue if they had known of the likely additional capital allocation when fixing their budget.

5. *Mr Ancram* noted the Council's comments on the sum of £4 million. He confirmed that if it were to be treated as housing expenditure it would not be included in the budget/guideline comparison. It had been included because the Council had shown it as relevant expenditure on the budget estimate return submitted to the Department. Council representatives argued that if the sum of £4 million were excluded the case for selective action would disappear. The Council pointed out in particular that with the exclusion of the £4 million their rate of growth was below the district average. *Mr N G Campbell* said that if £4 million were excluded the guideline excess would be 29 per cent above the district average and expenditure per head would still be above the district council average and the average for comparators.

6. The Council's representatives claimed that other aspects of the 1983–84 budget ought to be excluded to give a true comparison with their spending performance in earlier years. These included expenditure by Area Management Committees, formerly classified as non-relevant expenditure; the running costs of the Burrell Gallery; and new expenditure arising from the transfer of functions under the Local Government and Planning (Scotland) Act 1982. If these items were excluded Glasgow's increase in expenditure over recent years would be well below the average.

7. The Council's representatives questioned the basis for the current expenditure guideline figure given to the Council for 1983–84. *Mr N G*

Printed image digitised by the University of Southampton Library Digitisation Unit

Campbell said that the basis of the guidelines had been explained in the relevant Finance Circular. Guidelines for district councils for 1983–84 were the same in cash as those for 1982–83. The Government's expenditure plans had assumed a reduction in district council expenditure in 1983–84 which had been offset by an increase in respect of the transfer of functions proposed in the Local Government and Planning (Scotland) Act 1982. This left the total for district councils almost unchanged. The Secretary of State had therefore decided to issue district council authorities with the same guidelines as for 1982–83 in order to avoid fluctuations. *Mr Ancram* reminded the Council that the budget/guideline comparison had been only one of the factors taken into consideration by the Secretary of State.

8. *Mr Ancram* asked for an explanation of the figure of £5·5 million contained in the budget under inflation provision. *Councillor Gray* said that the Council's general provision for inflation had been about 6 per cent. In their calculation of loan charges they had assumed an interest rate of 11 per cent but as a contingency they had set aside a further sum of £5·5 million which represented a further half per cent increase in interest rates. In their view this was a reasonable and sensible precaution against the possibility of interest rates increasing.

9. The Council questioned the inclusion of their provision for interest on revenue balances in the budget/guideline comparison. This provision was necessary because of the problems of cash flow resulting in temporary loan interest being incurred. This was not an item of expenditure which the Council could properly control and it ought to be excluded from comparisons. *Mr Ancram* noted this point but said that the Council had been treated in the same way as all other authorities in this respect.

10. The Council asked for an explanation of the choice of comparator authorities and the factors referred to in the Scottish Office letter of 15 June 1983, as being the main determinants of need for district council expenditure. *Mr N G Campbell* said that the choice of comparators was based on research done by the Central Research Unit of the Scottish Office. The method grouped authorities together on the basis of factors which had been found to determine the authority's need to spend. For district councils, work on the client group approach showed only two factors, other than population, which clearly affected a local authority's need to spend on services. These were the numbers of rateable subjects per head of the population and the percentage of population in settlements of less than 1,000. In order to have a fuller description of settlement pattern than provided by the second factor alone, a third factor, percentage of population in settlements between 1,000 and 10,000, had been introduced. Since the factors were not of equal importance in determining expenditure need, they were weighted broadly according to the amount of expenditure which each factor caused to be redistributed through the cost effect or secondary indicator in calculating expenditure need in the course of the client group assessments. The Council noted this explanation but expressed strong doubts about the choice of comparators and about the factors as they applied to Glasgow. They said that Glasgow's problems of multiple deprivation and population decline created special expenditure needs.

Printed image digitised by the University of Southampton Library Digitisation Unit

11. Referring to Appendix D of the Scottish Office letter of 5 May, *Councillor Gray* pointed out that the Council's cumulative rate increase between 1978–79 and 1983–84 was 130·2 per cent, below the all-authority increase of 131·5 per cent. *Mr Ancram* commented that this comparison brought in regional and islands councils.

Over the same period of years, the cumulative rate increase for all district councils was 118·8 per cent, considerably below the Glasgow figures.

12. Concluding the Council's representations, *Councillor Mrs McFadden* said that they hoped that they had convinced the Minister that the Secretary of State's action was not justifiable and ought to be withdrawn.

13. *Mr Ancram* thanked the delegation for their comments and explanations. He would report the outcome of the meeting to the Secretary of State who would then decide what further action should be taken and the Council would be contacted again as soon as possible.

Printed in Scotland for HMSO Dd 735712 C4 9 83 (W.T. 21 1 4371)

Printed image digitised by the University of Southampton Library Digitisation Unit

RATE REDUCTION (KIRKCALDY DISTRICT) 1983–84

1. This Report by the Secretary of State is laid before Parliament in accordance with section 5(1) of the Local Government (Scotland) Act 1966 ("the 1966 Act") as amended by section 14 of the Local Government (Miscellaneous Provisions) (Scotland) Act 1981 ("the 1981 Act") and section 1 of the Local Government and Planning (Scotland) Act 1982 ("the 1982 Act") for approval by resolution of the House of Commons.

2. The Secretary of State is satisfied in terms of section 5(1)(c) of the 1966 Act that the total estimated expenses of Kirkcaldy District Council ("Kirkcaldy") for the year 1983–84 are excessive and unreasonable and is of the opinion that by reason of the excessive and unreasonable estimated expenses the rate determined by Kirkcaldy for the financial year 1983–84 should be reduced by 2p. If this Report is approved, Kirkcaldy shall forthwith determine a new rate less, by the proposed reduction in the rate (or by such smaller amount as the Secretary of State may agree), than the rate determined by Kirkcaldy under section 108 of the Local Government (Scotland) Act 1973. If within 28 days following such approval Kirkcaldy have not reduced their rate as required, Kirkcaldy shall be deemed to have determined a rate such that the reduction approved by the House is effected.

3. By letter dated 5 May 1983 the Secretary of State gave formal intimation to Kirkcaldy that he was satisfied that their total estimated expenses for 1983–84 were excessive and unreasonable and was of the opinion that the rate determined by the Council should be reduced by 3p. The letter of 5 May and the Apendices A to E thereto (incorporated in this Report as Annex 1) indicated the reasons for the proposed reduction and the mandatory and discretionary criteria to which he had regard. The letter afforded Kirkcaldy an opportunity to make representations with respect to the proposed reduction.

4. Representations by Kirkcaldy were submitted on 6 June 1983 and are incorporated in this Report as Annex 2. Appendix 1 to that letter is the Scottish Office letter of 5 May (Annex 1 to this Report) and is not reproduced a second time. Appendices 2–5 consist of exchanges of correspondence between Kirkcaldy and the Scottish Office and have been placed in the Library of the House. Kirkcaldy expanded on these representations at a meeting with Mr Michael Ancram MP, Minister for Home Affairs and the Environment at the Scottish Office, on Thursday 23 June. A note of this meeting has been placed in the Library of the House. At this meeting Kirkcaldy delivered a letter (dated 22 June) about transfers from the Housing Revenue Account to the General Rate Fund. This has also been placed in the Library. A letter of 19 May from the Scottish Office in reply to a letter of 9 May from Kirkcaldy (Appendix 2 to Kirkcaldy's representations set out in Annex 2 to this Report) has also been placed in the Library.

5. After careful consideration of the representations in the light of the report of the meeting of 23 June given to him by Mr Ancram, the Secretary of State is satisfied that Kirkcaldy's total estimated expenses for 1983–84 are

Printed image digitised by the University of Southampton Library Digitisation Unit

excessive and unreasonable but that the rate reduction originally proposed by him should be limited to 2p. Kirkcaldy were advised of this in a letter of 29 June (incorporated in this Report as Annex 3) which also stated that, unless the Secretary of State was advised by 6 July that they proposed to reduce their rate for 1983–84 by 2p under section 108A of the Local Government (Scotland) Act 1973, the Secretary of State proposed to lay immediately thereafter a report before the Commons House of Parliament asking for their approval under section 5 of the 1966 Act to a reduction in Kirkcaldy's rate of 2p. Kirkcaldy made no proposal to reduce their rate by 2p by 6 July and the Secretary of State therefore lays this Report.

6. The Secretary of State seeks the approval of the House to this Report.

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 1

SCOTTISH OFFICE
FINANCE DIVISION
New St. Andrew's House
EDINBURGH, EH1 3TB
Telephone: 031-556 8400, ext. 5282

The Chief Executive
Kirkcaldy District Council
Town House
KIRKCALDY
KY1 1XW

5 May 1983

Dear Sir,
LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

1. I am directed by the Secretary of State to refer to the provision of section 5 of the Local Government (Scotland) Act 1966 (amended by the Local Government (Miscellaneous Provisions) (Scotland) Act 1981 and the Local Government and Planning (Scotland) Act 1982) ("the 1966 Act").

2. These provisions empower the Secretary of State, if he is satisfied that the total estimated expenses of a local authority are excessive and unreasonable and if he is of the opinion that by reason thereof a reduction should be made in the amount of any element of rate support grant payable to that authority or in the rate determined by the authority or both, after affording the authority an opportunity to make representations, to make and lay before Parliament a report stating the amount and nature of and the reasons for the proposed reduction and setting out any representations made by the authority with respect thereto. If the report is approved by a resolution of the Commons House of Parliament such a reduction may be implemented.

3. The Secretary of State is very concerned at the level of expenditure planned by your authority. On behalf of the Secretary of State, I hereby intimate to you that he has decided to initiate formal action in pursuance of the aforesaid powers under the 1966 Act.

4. In reaching this decision the Secretary of State has had regard to the financial and other relevant circumstances of the area and to other discretionary criteria mentioned below. He has in particular examined the level of expenditure planned by your authority for 1983–84 and the levels of expenditure incurred by your authority in each of the years 1978–79, 1979–80, 1980–81, 1981–82 and 1982–83. The indicative guideline figures given to your authority for each of those years have also been taken into account and compared with the expenditure incurred or proposed to be incurred by your

Printed image digitised by the University of Southampton Library Digitisation Unit

authority in each year as shown in Appendix A. The categories of estimated expenses which the Secretary of State has left out of account for the year 1983–84, in terms of section 5(1A)(b) of the 1966 Act, were intimated to local authorities in Finance Circular No 7/1983 and the Addendum to it.

5. The Secretary of State has also taken into account:

(a) the comparison by reference to expenditure per head of population of the levels of expenditure incurred or estimated to be incurred in each of the years referred to above by your authority with those of certain other local authorities which the Secretary of State is satisfied are as closely comparable with your authority as is practicable, with an adjustment to take account of the exclusion of urban programme in 1983–84 (Appendix B);

(b) the comparison of growth in your authority's actual and planned expenditure in the years referred to above, with an urban programme adjustment as in (a) (Appendix C); and

(c) the following financial and other criteria, namely:

(i) the effect of your authority's expenditure decisions in respect of each of the years above referred to on the rate poundage fixed by your authority for each year (Appendix D); and

(ii) the population statistics applicable to your area shown in Appendix E to this letter.

6. Having carefully considered all the information currently at his disposal and in particular the information contained in Appendices A to E the Secretary of State is, subject to reconsideration in the light of any representations made by your Council, satisfied that your authority's estimated expenses for the year 1983–84 are excessive and unreasonable in terms of section 5(1)(c) of the 1966 Act. In view of this and in order to achieve reductions in that expenditure the Secretary of State is at present of the opinion that the rate determined by your Council for the year 1983–84 should be reduced by 3p. This is without prejudice to any other use of the powers contained in section 5 of the 1966 Act. Before submitting to Parliament a report in terms of section 5(1) of the 1966 Act proposing such a reduction the Secretary of State would be grateful if you would invite your Council to consider the terms of this letter at the earliest possible opportunity and to submit in writing to the above address not later than 6 June 1983 any representations which they may wish to make to him. Any enquiries about this letter should be directed to Mr D Stewart on extension 5611.

7. A copy of this letter is enclosed for the Director of Finance. Copies of this letter and Appendices A to E referred to above have been sent to the Controller of Audit and the Convention of Scottish Local Authorities.

Yours faithfully

N. G. Campbell

N G CAMPBELL

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX A

KIRKCALDY DISTRICT COUNCIL

Comparison of Guidelines and Expenditure

Expenditure guidelines for individual local authorities were first introduced for 1976–77 to help authorities to take into account in their budgets the Government's overall expenditure plans.

Up until 1981–82, guidelines were largely based on historical patterns of expenditure but for 1982–83 were calculated on a new basis described as the client group approach. (This was explained in Finance Circulars 17/1981 and 5/1982.) 1982–83 was also the first year for which guidelines were issued on a cash basis, rather than at the November price base preceding the relative financial year, in line with the Government's move to a cash planning system.

For 1983–84 the cash guidelines were also based on the client group approach but with some changes in the methodology following consultations with the Convention of Scottish Local Authorities. Unlike previous years, when the aggregate of guidelines matched the total of relevant expenditure (excluding loan charges) adopted for RSG Order purposes, the guidelines for 1983–84 sum to a lower figure. This is due firstly to the exclusion from guidelines of expenditure on the Urban Programme. Secondly the figures exclude the estimated loss of income by regional authorities of £4 million, which will result from the proposal to reduce further education tuition fees. Lastly, the figures exclude a sum of £120 million which was not allocated to services in the Government's expenditure plans but was treated as an undifferentiated addition made solely to allow authorities more time to bring spending into line with the Government's plans.

The following table shows how your Council's expenditure or planned expenditure compares with guidelines since 1978–79. Figures for the years 1978–79 to 1982–83 include Urban Programme expenditure; the figures for 1983–84 do not.

	£ million at November 1982 prices[1]				£ million, cash	
	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84
Expenditure	8·04	8·80	8·99	8·80	9·26	10·78
Indicative guidelines	8·47	7·65	7·09	7·03	8·36	8·36
Excess of expenditure over guidelines	−0·43 (−5·1%)	1·15 (15·0%)	1·90 (26·8%)	1·77 (25·2%)	0·90 (10·8%)	2·42 (28·9%)

[1]Revalued according to factors agreed with the Convention of Scottish Local Authorities.

Your authority's excess over guideline for 1983–84 is well above the district average of 21·8%.

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX B

KIRKCALDY DISTRICT COUNCIL

Expenditure Per Head of Population

In the following table, expenditure per head of population for your Council, other local authorities which the Secretary of State is satisfied are as closely comparable as is practicable, and the relative averages for these authorities and for all district councils is shown for each of the years 1978–79 to 1983–84 inclusive together with the percentage changes for each authority or average from 1978–79 to 1983–84 and from 1982–83 to 1983–84.

	£ per head of population at November 1982 prices						% change 1978–79 to 1983–84 %	% change 1982–83 to 1983–84 %
	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84		
1. Closely comparable authorities:								
Cunninghame	62·80	70·86	68·88	64·58	61·85	64·76	+3·1	+4·7
Dunfermline	45·73	47·56	47·70	48·62	51·48	54·99	+20·2	+6·8
West Lothian	42·75	44·06	51·40	52·77	47·54	51·60	+20·7	+8·5
Kyle & Carrick	68·97	74·17	70·28	65·00	69·68	74·46	+8·0	+6·9
Kilmarnock	63·65	61·75	61·94	59·03	57·81	63·90	+0·4	+10·5
2. Average for closely comparable authorities	56·78	59·68	60·04	58·00	57·67	61·94	+9·1	+7·4
3. Average for district councils	52·13	54·24	54·38	52·91	53·46	56·66	+8·7	+6·0
4. Kirkcaldy District Council	53·77	59·01	60·15	59·38	61·68	64·55	+20·0	+4·7

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX C

KIRKCALDY DISTRICT COUNCIL

Trends in Expenditure

The following table compares the changes in expenditure by your council from 1978–79 to 1983–84 with the equivalent changes in expenditure by all district councils and all local authorities.

CHANGE IN EXPENDITURE

	By Kirkcaldy District Council	By all district councils	By all local authorities
	%	%	%
1979–80 over 1978–79	+9·4	+4·4	+2·8
1980–81 over 1979–80	+2·2	+0·4	+1·4
1981–82 over 1980–81	−2·2	−3·2	−1·6
1982–83 over 1981–82	+4·8	+2·3	+0·7
1983–84 over 1982–83	+4·7 (+2·6)	+6·3 (+4·6)	+1·8
1983–84 over 1978–79	+20·0 (+17·6)	+10·3 (+8·6)	+5·2

Changes from year to year shown in the table relate to expenditure in real terms, ie after conversion to a common price base using factors agreed with the Convention of Scottish Local Authorities.

Figures in brackets show the change in expenditure after account is taken of the transfer of functions under the Local Government and Planning (Scotland) Act 1982, on the basis of information supplied by authorities with the budget estimate return.

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX D

KIRKCALDY DISTRICT COUNCIL

Rates

The following table compares the rates and rate increases imposed by your Council and the average rates and average increases in rates for all councils and local authorities.

	Rates			Increases		
	Kirkcaldy District Council	All district councils	All local authorities	Kirkcaldy District Council	All district councils	All local authorities
	p	p	p	%	%	%
1978–79.....	9	16	54			
1979–80.....	10	18	62·5	11·1	12·5	15·7
1980–81.....	13·5	21	81	35·0	16·7	29·6
1981–82.....	21	28	109	55·6	33·3	34·6
1982–83.....	26	33	123	23·8	17·9	12·8
1983–84.....	29	35	129	11·5	6·1	1·6

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX E

KIRKCALDY DISTRICT COUNCIL

Population

The table below shows the total population, and population aged under 16 and 65 and over for the years 1978 to 1982 inclusive for Scotland and for Kirkcaldy. Changes in the District's population differ slightly from the changes in Scotland generally but the distribution in the main age groups is similar. Neither the changes in nor the structure of the population in Kirkcaldy indicate a need to incur the high level of expenditure planned for 1983–84.

	As estimated by the Registrar General at 30 June					1978 to 1982 %
	1978	1979	1980	1981	1982	
Total Population:						
Scotland	5,179,400	5,167,000	5,153,280	5,149,500	5,166,557	−0·2
Kirkcaldy	149,576	149,059	149,499	148,171	149,435	−0·1
Population aged under 16:						
Scotland (No.)	1,278,856	1,248,497	1,218,010	1,190,787	1,158,213	−9·4
(%)	24·7	24·2	23·6	23·1	22·4	
Kirkcaldy (No.)	37,920	37,052	36,426	35,409	34,779	−8·3
(%)	25·4	24·9	24·4	23·9	23·3	
Population aged 65 and over:						
Scotland (No.)	712,196	717,790	723,616	726,604	730,551	+2·6
(%)	13·8	13·9	14·0	14·1	14·1	
Kirkcaldy (No.)	19,428	19,613	19,819	20,983	20,804	+7·1
(%)	13·0	13·2	13·3	14·2	13·9	

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 2

KIRKCALDY DISTRICT COUNCIL
Town House, Kirkcaldy Fife KY1 1XW

DIRECTOR OF ADMINISTRATION
J. M. SMITH, M.A., LL.B.
Telephone No. Kirkcaldy 261144

Your Reference:
My Reference: JMS/MLN: F/10

If telephoning or calling please
ask for *Mr. Smith*
Tel. Ext. *270*

The Secretary
Scottish Office
Finance Division
New St. Andrew's House
EDINBURGH
EH1 3TB

6th June 1983

Dear Sir,
LOCAL GOVERNMENT (SCOTLAND) ACT 1966—SECTION 5

I refer to your letter of 5th May to my Council's Chief Executive regarding the above.

My Council have duly considered in some depth the terms of your letter of 5th May and have authorised me to submit representations, as invited in paragraph 6 of your said letter.

However, I am to refer to my colleague the Director of Finance's letters of 9th, 16th and 26th May to you and to suggest that, in all the circumstances, the Secretary of State ought to be considering the position afresh in the light of the altered position brought out by the amended Form PO/BE 83, submitted with the Director of Finance's letter of 26th May.

If, notwithstanding the foregoing, the Secretary of State determines to proceed without revising his formulation of opinion in accordance with section 5(1) of the Act, my Council would like the opportunity of meeting with the Secretary of State or other Minister to discuss these representations.

I should be grateful if, in acknowledging this letter and the accompanying representations, you could indicate how matters are to proceed further and the anticipated timetable.

Yours faithfully,

Director of Administration

Printed image digitised by the University of Southampton Library Digitisation Unit

Kirkcaldy District Council

Local Government (Scotland) Act 1966 Section 5

Representations to the Secretary of State
for Scotland with reference to
Scottish Office Finance Division
Letter of 5 May 1983

1. The Council were surprised and shocked to receive Scottish Office letter of 5 May 1983 and wish to state at the outset they are highly aggrieved by the action of the Secretary of State and the extremely serious charges made by him against the administration and integrity of the Council as a democratically elected and responsible authority.

2. The Council reject such charges and regret that the Secretary of State has taken his line, which the Council consider to be misjudged and unfounded, and quite inappropriate and unworthy.

3. The Council have a record that can stand scrutiny in terms of financial policies and administration over the years, based on a moderate approach, having constant concern for the impact burden of rates and rents on the community, but at the same time conscious of and trying to recognise the many needs and demands of that community to provide and maintain public services and public assets, against the very severe Government imposed cash restraints over the years.

4. The record is clear that the Council have not pursued policies of reckless expansion growth nor have they sought deliberate confrontation with Government by pursuing hard line political opposition through spending decisions.

5. The Council have not been profligate in their expenditure policies and question and refute the criteria, judgements and motives of the Secretary of State as intimated in said letter of 5 May 1983.

6. The Secretary of State has expressed his opinion, *for 1983–84 only,* that the Council's revenue budget on relevant expenditure for Rate Support Grant aided services is excessive and unreasonable, under the above legislation.

7. It is notable that the Act provides only for the *opinion* of the Secretary of State for Scotland to represent the Government's view and to support that view in the statutory punitive process in Parliament, omnipotency which the Council trust will not prejudice unbiased consideration of their arguments towards withdrawal of the very serious charges as levelled.

Printed image digitised by the University of Southampton Library Digitisation Unit

8. The Council disagree with the opinion of the Secretary of State as expressed in said letter, consider that their budget for 1983–84 is moderate and reasonable, and reflects necessary provisions for new statutory impositions and requirements arising from Government policy, including the revenue effects of Government capital expenditure consents granted to the Council. Budget provision is examined at Paragraph 24.

9. The Council contend that the Secretary of State's expenditure guideline for Kirkcaldy does not reflect such considerations and fully support the stated COSLA opposition to the concept of current expenditure guidelines. The Council reject the comparisons of their budget with highly theoretical guidelines which do not and can not reflect local historical infrastructure, local needs and local decisions made on the basis of local knowledge and community wishes.

10. The Council note that the charges of the Secretary of State relate only to *1983–84* and that being so, dispute the overall relevance of various statistics as produced in Appendices A B C D and E to letter of 5 May covering the period *1978–79 to 1982–83*. Notwithstanding, the Council wish to pass comment on certain aspects of the Appendices.

11. The Secretary of State has not singled out the Council in earlier years as being excessive and unreasonable, and as his current case relates only to 1983–84, the Council are strongly of the view it should be argued solely on that year, and plead as irrelevant to the Secretary of State's case references and comparisons to previous years.

12. The Council also reject the judgements made comparing authorities which "are as closely comparable with your authority as is practicable".

13. The Council are of the view that there are no absolutely comparable authorities in Scotland, and are encouraged that the Act also recognises that by introducing the criteria of "as closely comparable as is practicable". The Council submit that considerations to arrive at such choices and comparisons must be purely subjective and not capable of substantive justification and are highly theoretical. In response to a request by the Council's Director of Finance, Scottish Office, in their letter of 18 May 1983, explain the basis of selection of closely comparable authorities to Kirkcaldy, viz., "a nearest neighbour method using weighted values of the following variables—

    (i) rateable subjects per head of population
    (ii) percentage of population in settlements less than 1,000 and
    (iii) percentage of population in settlements size 1,000 to 10,000."

    No information was supplied of the weighted values and other stated statistics so the Council are not in a position to comment thereon. In any event, the basis of population in the selection of authorities under the expenditure comparison in Appendix B is highly suspect and the Council comment further on this later in this submission.

14. The Council note that there is no *statutory* definition of "excessive and unreasonable" which adds to their view that the Secretary of State's opinion is

Printed image digitised by the University of Southampton Library Digitisation Unit

entirely subjective. They believe that his opinion could not stand up to the test of formal legal scrutiny in the courts because of lack of substantive evidence and trust that Parliament would come to the same conclusion and reject any Order placed before them.

15. The Council have made initial response to the said letter of 5 May by letters of 9 and 16 May from the Director of Finance, seeking further information, and intimating a technical amendment to the Council's budget return which has the effect of reducing the Council's relevant expenditure by £330,000, ie from £10·78 million to £10·45 million. Response has been received to these communications by Scottish Office letter of 18 May requiring a revised budget return before consideration can be given to said amendment.

16. The Council insist upon and can justify the validity of said amendment and restate the position and the argument herewith. The Council's budget return by Form PO/BE 83 brought out a relevant net expenditure figure of £10·782 million per item 56 column 8. The Form also showed an estimated credit balance carried forward from 1982–83 of £330,000. This was inconsistent with the budget decision in that said credit balance was to be carried forward in the Council's Renewal and Repair Fund and to that extent the Fund be a source of income to meet 1983–84 expenditure. The Council contend that expenses so met by income from contributions from the Renewal and Repair Fund, are by definition estimated expenses which the Secretary of State has left out of account for the year 1983–84, in terms of section 5(1A)(b) of the Local Government (Scotland) Act 1966, as intimated to local authorities in Finance Circular No. 7/1983 and the Addendum to it, ie expenditure met from income other than rates or grants. The Council regret the need to change the Form, but insist the change is valid and of significant relevance, requiring revisions to the various comparisons made in Scottish Office letter of 5 May. As promised in the Director of Finance's letter of 9 May and as requested in Scottish Office letter of 18 May a revised Form PO/BE 83 has been submitted to Scottish Office by the Director of Finance, under cover of letter of 26 May, replacing the original submission. The Council insist therefore that this change requires the judgements of the Secretary of State to be revised in the light thereof. In this context the expenditure concerned relates to projects of a non-recurring nature primarily in respect of existing property, other assets and services, and by being so financed does not distort, or create a continuing enhancement of the base budget. The Council wish to confirm that in addition to the particular reference to the sum of £330,000, a further programme of £1,125,000, financed from the Renewal and Repair Fund, is proposed. This information has previously been requested by Scottish Office by letter of 18 May and supplied by the Director of Finance in his letter of 26 May 1983.

17. The Council note that the case of the Secretary of State rests almost solely on the Appendices to letter of 5 May which represent the discretionary statistical and information evidence which he has taken into account. The Secretary of State has a *specific requirement* under section 5 of the 1966 Act to have regard to the "financial and other relevant circumstances of the area". This means the *whole area of the authority*. The Director of Finance, in his letter of 16 May, sought the details of such statutory circumstances upon which the Secretary of State had based his opinion and proposed action, which included

Printed image digitised by the University of Southampton Library Digitisation Unit

the specific opinion that there should be a 3p rate reduction for 1983–84. Scottish Office letter of 18 May replied to this request, viz., "In arriving at his decision to request a rate reduction of 3p the Secretary of State had regard to the statutory requirements of the 1966 Act as amended and to the other criteria described in my letter and Appendices." (Reference is to Scottish Office letter of 5 May 1983). The Council conclude that the question was not answered and that the omnipotence of the Secretary of State previously referred to is further proven by said response.

18. The Council wish to comment on certain aspects of said Appendices to illustrate their view that they represent irrelevancies and cause misjudgements.

19. APPENDIX A

Comparisons of Guidelines and Expenditure

(i) As already stated, the Council support COSLA opposition to guidelines, which has been consistently made and most recently to the Committee on Scottish Affairs in their inquiry into the Scottish Public Expenditure Programme.

(ii) The guidelines have no statutory backing and *are not the basis of building up global relevant expenditure in Scotland for RSG purposes.* They represent a highly theoretical apportionment of the Government's global relevant expenditure for RSG purposes, the results of which are then subject to arbitrary changes for some authorities, *inter alia* to avoid significant swings from previous levels arrived at under a different and equally arbitrary basis.

(iii) This can be exemplified in Kirkcaldy's case where the guideline for 1982–83, calculated by Government under the client group method, gave a figure of £9 million, but which was then arbitrarily adjusted to £8·36 million.

For 1983–84 the guideline was £9·605 million then arbitrarily adjusted to £8·36 million. Such a situation serves to illustrate the nonsense of the guideline, and dangerous nonsense at that, in the situation of being used as evidence by the Secretary of State in the punitive action now being pursued by him. This aspect is particularly emphasised by the Council to Parliament if consideration comes to be given to an Order by the Secretary of State.

(iv) The credibility is further eroded in 1983/84 by the fact that the global relevant expenditure for Scotland for RSG purposes is reduced by £124 million *before being apportioned as guidelines* to individual authorities. District Councils almost without exception *have the same individual guidelines in 1983–84 as they did in 1982–83,* notwithstanding movement of inflation, transfer of services under the local Government and Planning (Scotland) Act 1982, etc. The Scottish Office state that these factors were taken into account, but were offset, exactly it seems, by a Districts' share of the £124 million reduction to guidelines. No figures have been given of guidelines and comparisons with the £124 million *included* in the base.

Printed image digitised by the University of Southampton Library Digitisation Unit

(v) The Council are of the view that their expenditure pattern in Appendix A, as amended to £10·45 million for 1983–84, see paragraph 15, shows a remarkable stability and restraint. The expenditure movement from £8·80 million in 1981/82 to £9·6 million in 1982–83 is 5·2 per cent whereas the Government's guideline increase for the same period is *18·9 per cent.* Indeed the Council's expenditure movement for the two years from 1981–82 to 1983–84 is 18·75 per cent as against the 18·9 per cent increase in guideline for the same period. This confirms the Council's argument of stability and restraint.

The average excess over guidelines of all District Councils of 21·8 per cent is no measure of the Council's performance given the range of authorities and their spending patterns.

20. APPENDIX B

Expenditure Per Head of Population

(i) Kirkcaldy's average for the six years is £59·42 per head (Note that the 1983–84 figure of £64·55 becomes £62·56 because of the relevant expenditure reduction previously advised), which changes the 1978–79 to 1983–84 per cent change from 20 to 16·35 and the 1982–83 to 1983–84 change from 4·7 to 1·43.

(ii) Kirkcaldy's average for the six years 1978–79 to 1983–84 of £59·42 per head compares very well with the average of £59·01 for the Secretary of State's selection of closely comparable authorities, which average is pulled down by the lower levels of Dunfermline and West Lothian. Kirkcaldy's average of £59·42 per head is rather better than £65·62 for Cunninghame, £70·43 for Kyle and Carrick and £61·35 for Kilmarnock. Kirkcaldy's movement over the six years at 16·35 is much better than the 20+ per cent of Dunfermline and West Lothian, and Kirkcaldy's per cent movement of 1·43 between 1982–83 and 1983–84 is significantly better than each of the five quoted authorities ranging 4·7 to 10·5, and on average 7·4, *and* the average for all District Councils of 6.

(iii) The Council consider that Appendix B shows the Council in a very favourable light, contrary to what the Secretary of State is stating.

21. APPENDIX C

Trends in Expenditure

(i) The Council take the view that the statistics are not at all meaningful. There is no relevance in the comparison of Kirkcaldy with the average of *all* District Councils and with the average of *all* local authorities. The statistics assume that the expenditure of all authorities together moves on a standard level, which is not the case.

(ii) Expenditure of local authorities moves according to local service needs and local decisions, plus inflation judgements and provision in expenditure assessments. Notwithstanding, Kirkcaldy's movement in 1983–84 over 1982–83 is much better than by all District Councils.

Printed image digitised by the University of Southampton Library Digitisation Unit

22. APPENDIX D

Rates

(i) The Council consider that rate poundage has no direct correlation to the relevant expenditure being contested. Clearly the rate levy of any authority has to recognise, and is conditioned by, rate borne deficits on—

(a) Housing Revenue Account

(b) Rent Rebate Account

This account has been affected by growth of volume of eligible cases and cash value of rebates over the years. Government policy on progressive reduction of Housing Subsidies and limits on rate fund contributions to Housing Revenue Account (HRA) has imposed significant increases on Council rent levels and consequent increase of the volume of rebate eligibility and cash value of rebates, plus the inevitable additional costs of administering such growth. This can be illustrated in Kirkcaldy terms as follows—

	1978/79	1983/84
	£	£
Average Rent per annum	227	540
Government Subsidy to HRA	4,600,000[Ø]	NIL
Value of Rebates	882,000	2,615,000*
Cost of Rate Borne Element of Rent Rebates	119,000	384,000

*Excludes Certificated Cases

(c) Rent Allowance Account

(d) Slum Clearance Account

[Ø] In 1980–81 subsidy from Government to HRA reached a peak of £6·95 million which emphasises the severity of a progressive withdrawal of subsidy by Government policy which results in NIL subsidy for Kirkcaldy in 1983–84.

(ii) The rate will reflect

(a) use of available balances, or rating to cover previous deficits, reducing or increasing the rate respectively

(b) loan charges etc arising from capital expenditure growth under Government authorised capital expenditure consents

(c) eligibility or not for Rate Support Grant (Resources Element)

(d) changes in the distribution of Rate Support Grant

(e) the persistent erosion in the level of Rate Support Grant paid by Government, by imposition of cash limits and by progressive reduction in the grant percentage, eg., 1978/79 68·5 per cent, 1983–84 61·7 per cent.

(f) the *understated* Government assessed expenditure levels on which RSG is calculated

Printed image digitised by the University of Southampton Library Digitisation Unit

(g) changes in rate products, both natural and by Government policy, eg, recent derating of plant and machinery in the open (1983–84 effect).

(iii) Kirkcaldy's rate increased by 20p (from 9p to 29p) in six years. *All* District Councils increased by *19p* (from 16p to 35p) in the same period. *Kirkcaldy's movement is in line with all Districts.* Kirkcaldy's average rate poundage per year over said period is *18·1* pence as compared to an *all Districts* average of *25·2* pence. The average rate poundage per year for closely comparable authorities is—

	Pence
Cunninghame	27·3
West Lothian	18·9
Kyle and Carrick	25·6
Kilmarnock	26·6
Dunfermline	15·8

Other examples of average rate poundages over the period are—

Hamilton	30·6
Monklands	32·2
Motherwell	27·8

The Council submit that their rate poundage position reflects favourably and significantly so.

(iv) The Council consider that it is necessary to relate the question of rate poundages to the volume of rates cash demanded from ratepayers on the basis of said poundages. It is noteworthy to compare the total approximate rate cash levy for the six years 1978–79 to 1983–84 as indicated below for the so called closely comparable authorities, and for a few other selected authorities.

Average Population	Authority	Approximate Rate Levy Cash Value 1978/79–1983/84 £	Approximate Rate Burden Per Capita 1978/79–1983/84 £
149,121	*Kirkcaldy	35,350,000	244
135,870	*Cunninghame	41,450,000	305
133,550	*West Lothian	29,980,000	224
112,583	*Kyle and Carrick	40,075,000	356
81,667	*Kilmarnock	25,038,000	307
126,242	*Dunfermline	27,145,000	215
151,343	Motherwell	55,107,000	364
110,153	Monklands	38,254,000	347
107,884	Hamilton	35,380,000	328

* Deemed by Secretary of State as closely comparable.

Kirkcaldy stands very favourable comparison, contrary to what the Secretary of State is stating.

Printed image digitised by the University of Southampton Library Digitisation Unit

23. APPENDIX E

Population

(i) The Council do not consider population as a definitive indicator of expenditure need.

(ii) Need and expenditure arise from service provision reflecting historical standards of provision and lack of it, public demands for improvements, attempts to redress deficiencies and maintain standards and maintain assets.

(iii) The District consists of a mixture of villages, urban settlements of varying sizes, large towns, including the New Town of Glenrothes with growth status, plus a good measure of rural area. To suggest that population levels which are reasonably constant in total, in distribution of age groups, and in population structure generally, are determinants of expenditure need, is to promote the fallacy that need for expenditure relies solely on population criteria. From reorganisation in 1975, Councils have been trying to eradicate variations in standards of asset/service provision assumed from the outgoing Councils. This exercise from the start has been severely conditioned by Government expenditure policies involving expenditure cut backs, severe cash limits both on expenditure and on Government subsidy assistance, and resultant cut backs in Government assistance, no matter the serious adverse impact on standards of service, standards of asset maintenance and the local economy generally. The thrust of Government policy is a reduction of public expenditure, as defined. Despite arguments at national level, it does not appear that the Secretary of State is prepared to concede that local authority expenditure and rates are not elements in public expenditure, as defined, or indeed that local authority expenditure and rate levels are severely conditioned by Government decisions on Government Grant. The latter is public expenditure, and local taxation, severely conditioned by Government public expenditure decisions, has no relevance to, and does not contribute to public expenditure, as defined. The Council do not consider population comparisons of local authorities have much, if any, relevance in this context.

(iv) The Council consider that the District is a proven holiday area and is actively promoted as such locally, nationally and internationally. Tourism is a significant factor in the economy of the District and demands provision by the Council of tourist information, tourism promotion, caravan sites, recreational facilities and high standards of cleanliness and amenity. The Council are aware of the variety of facilities which are required to aid tourist attraction and are most concerned to sustain, promote and develop the tourism economy to help counter severe unemployment levels in the District. A significant element of this area of need provision is a very high standard of maintenance and development of coastlines, traditional holiday resort facilities, caravan sites, shopping facilities, and entertainment with a wide range of appeal—from theatre provision, through comprehensive recreational facilities to the simple enjoyment of superb public parks,

Printed image digitised by the University of Southampton Library Digitisation Unit

beaches/coastline, and natural countryside. Base population figures of the District do not recognise holiday population and their needs, and are no measure of that need.

24. The Council's Budget 1983–84

An analysis of the Council's budget for relevant expenditure shows the following *additional* cash position as against 1982–83. A rate reduction of 3p equates to a sum of £1,125,000 approximately.

			£
1. Loan Charges			137,840
2. Improvement etc Grants			
Loan Charges	564,000		
Less Subsidy	475,000		
			89,000
3. Administration of Improvement Grants		19,030	
Administration of Rent Rebates etc		3,730	
			22,760
4. Other Net Expenditure			1,045,325
			94,925
5. Rate Support Grant Needs Element			297,000
NET ADDITIONAL CASH			£ 997,925

Loan charges in item 1 arise from capital expenditure programmes under the statutory consents given by the Secretary of State. Improvement etc grants demand has significantly grown by dint of Government policy and reflects itself in the residual rate borne cost after Government subsidy, and in the increased administration, requiring additional staff. Items 1 2 and 3 absorb the major share of the Needs Element item, leaving some £47,000 towards item 4, a quite insignificant and insufficient sum which illustrates the general arguments already expressed herein that Government cash assistance is understated, and unrealistic given the facts. Looking at item 4, the Council can identify a number of contributory factors.

	Nov 1982 prices £	
New Legislation and Government Policy		
1. Transport Act 1982. Additional staff, etc.	10,000	
2. Local Government and Planning (Scotland) Act 1982		
Food and Drugs—Public Analyst	26,000	(Provisional)
Street Cleansing	5,000	(Provisional)
Gardening Assistance for disabled and elderly (formerly in HRA—Council tenants only)	215,100	
3. Local Government Planning and Land Act 1980 Finance Department Staff—DLO	6,325	
4. Social Security and Housing Benefits Act 1983 Employers' Statutory Sick Pay Scheme Personnel Department Staff	12,840	
5. Youth Training Scheme	16,680	

Printed image digitised by the University of Southampton Library Digitisation Unit

Other Items		£	
1.	Appropriation of open space amenity area land from Housing Account to Leisure and Recreation Account (Parks and Open Spaces) Maintenance and Upkeep thereof (This was the subject of correspondence with SDD)	200,000	
2.	Community Council Elections	3,000	(Not required each year)
3.	Town Twinning (Kirkcaldy/Ingolstadt)	10,000	(Special provision for 21 Anniversary Activities)
4.	Reprint of Tourism Promotion Brochures	8,000	(Not required each year)
5.	Open Spaces—Maintenance, Glenrothes—Extra Manpower etc	9,500	
6.	Revenue costs arising from capital expenditure programme (other than loan charges)	4,000	
		£526,445	

The remaining cash budget of some £519,000 is taken up by cost movements on budgets between 1982–83 and 1983–84 and inflation on the above items.

The Council submit that the evidence shows that there is no question of profligacy in their 1983–84 budget and that the opinion of the Secretary of State that the Council's budgeted expenditure for 1983–84 is excessive and unreasonable is unfounded, and that he should so concede and withdraw his charges and proposed actions.

25. The Council perceives that the intention of the Secretary of State, unless otherwise dissuaded, will be to seek an Order in Parliament to impose a reduction in the rate poundage on Kirkcaldy ratepayers. The Council would advise the Secretary of State against imposing such a reduction.

26. The administrative requirements and the additional costs thereof have been well rehearsed by COSLA with the Secretary of State. In Kirkcaldy terms the Fife Regional Council as rating authority will require to amend some 70,000 ratepayers' liabilities, including the amendment of already implemented bankers' orders, and other instalment arrangements, amounting to some 29,500 in number. At Kirkcaldy District level some 25,700 Council house tenants' rent cards will need to be withdrawn, amended for the rates charge, and then reissued. This exercise effectively means a freeze on cash collection of Council house rent/rates for the period necessary to effect the change. The period involved is uncertain but would likely be at least 3/4 weeks. Similar difficulties would be encountered by the Regional Council. This would have a serious effect on the cash flow of the Councils and would require temporary borrowing, at a cost, to finance the gap, so creating an additional burden on ratepayers. Some 15,000 tenants are in receipt of benefit under the provisions of the Social Security and Housing Benefits Act 1982 and recalculation and backdating of benefit for each case would be necessary. Clearly the net effect on the tenants' eligibility and liability would be insignificant, as it would also

Printed image digitised by the University of Southampton Library Digitisation Unit

be for the general ratepayers, with reduced rates liability being countered by reduced rebate. The Secretary of State would be well advised to consider the justification for additional costs against the limited benefit of such an exercise. Additional costs are chargeable and require to be met by the District Council. The Secretary of State will recognise that a rate reduction will require Scottish Special Housing Association and Glenrothes New Town Corporation to carry out the same exercise for their tenants, all at an extra cost. The Secretary of State will realise that a 3p reduction means, on average, a reduction of *14 pence per week* for householders liable to pay the full rate. The Secretary of State will be aware of the representations made by COSLA to recognise the severe problems on local authorities in gearing to meet the requirements of the new Housing Benefits Scheme in a quite unrealistic time scale, including the complete revision of computer systems and programs and operating procedures generally. Such representations met with no success and the transition has been fraught with difficulties as a consequence, in Fife certainly and in authorities generally, and staff both at Region and District have been and still are subjected to the most intense and unreasonable pressures and frustrations. There has not been enough time to properly evaluate, revise, test and implement new procedures and systems and to handle the significantly increased volume of cases, viz.,

Kirkcaldy	Pre November 1982 caseload	7,850
	Current caseload	15,000.

The workload pressures have existed since late summer 1982 preparing for the partial start in November 1982 and for the full start in April 1983. It is not an overstatement that a rates change imposed on top of the current problems will severely prejudice the benefits administration and therefore severely prejudice beneficiaries. In the Council's view there is a real risk of a complete breakdown, with irreparable consequences, and the Council are extremely concerned to ensure the Secretary of State is aware of the import of carrying through his intention to reduce the rate. The Council are sure that this is a consideration which is applicable to the four colleague authorities which have been similarly specifically identified by the Secretary of State for rate reduction action.

27. CONCLUSION

A. The Council believe that their budgeted expenditure for 1983–84 is not excessive and unreasonable, that the Secretary of State's opinion is misjudged and unfounded and his charges and proposed action should be withdrawn.

B. The Council emphasis their very real concern as to the ability to effect a change at Region and District level in the circumstances, and also the prejudicial consequences for ratepayers at large and rebate beneficiaries especially, plus the additional costs of the exercise.

C. The Council consider that such repercussions will significantly outweigh any benefit which the Secretary of State may see accruing to ratepayers from a rate reduction.

Printed image digitised by the University of Southampton Library Digitisation Unit

D. The Secretary of State should recognise the adverse reaction of ratepayers to such a situation, and that it is his action not the local authority action which will be the cause.

E. The Secretary of State should also recognise that ratepayers in Kirkcaldy District have not made protests about the Council's expenditure and rate, by direct correspondence or by press letters, and that by and large the ratepayer has no quarrel with his rate bill. He is getting value for money, and necessary services are being provided at a reasonable cost which can stand critical comparison with and is better than most in Scotland.

F. The Secretary of State should recognise this aspect of democracy, and not try to impose his subjective, arbitrary and unsupported will on the Council.

Letters referred to herein—

Appendix 1—Scottish Office letter of 5 May 1983
2—Kirkcaldy Director of Finance's letter of 9 May 1983
3—Kirkcaldy Director of Finance's letter of 16 May 1983
4—Scottish Office letter of 18 May 1983
5—Kirkcaldy Director of Finance's letter of 26 May 1983

Town House
Kirkcaldy
6 June 1983

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 3

SCOTTISH OFFICE
FINANCE DIVISION
New St. Andrew's House
EDINBURGH, EH1 3TB
Telephone: 031-556 8400, ext. 5282

The Chief Executive
Kirkcaldy District Council
Town House
KIRKCALDY
KY1 1XW

29 June 1983

Dear Sir,
LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

1. I refer to my letter of 5 May 1983 and to the letter of 6 June from the Director of Administration enclosing your Council's representations in response to the Secretary of State's decision to initiate action against your Council under section 5 of the Local Government (Scotland) Act 1966 on the grounds that its planned expenditure for 1983–84 was excessive and unreasonable.

2. Representatives of your Council met Mr Michael Ancram MP, Minister for Home Affairs and the Environment on Thursday 23 June so that your Council could expand on its representations to the Secretary of State. A note of this meeting will be sent to you very shortly and I would be grateful it you would confirm that it is a correct record.

3. The Secretary of State has considered your Council's representations and Mr Ancram has reported to him the points made by your Council's representatives at the meeting on 23 June.

4. I am directed by the Secretary of State to say that he found the points made in your representations and in your meeting with Mr Ancram very useful, and that he has taken them fully into account in considering what further action he should take under section 5 of the 1966 Act. Having regard to these representations, while the Secretary of State still considers that your Council's estimated expenses are excessive and unreasonable, he now considers that the rate reduction proposed by him in the letter of 5 May should be limited to 2p.

5. I would be grateful if you would let the Secretary of State know by 6 July whether your Council would now be prepared under section 108A of the Local Government (Scotland) Act 1973 to reduce its rate by 2p. An early

Printed image digitised by the University of Southampton Library Digitisation Unit

agreement to a voluntary rate reduction would have the advantage of making clear to the Council and to its ratepayers at a relatively early stage its financial position for the rest of the financial year. If the Secretary of State is not informed by 6 July that your Council propose to make such a voluntary rate reduction, he proposes to lay immediately thereafter a report before the Commons House of Parliament asking for their approval under section 5 of the 1966 Act to a reduction in your Council's rate for 1983–84 of 2p.

Yours faithfully

N. G. Campbell

N G CAMPBELL

Printed in Scotland for HMSO Dd 735711 C4 9/83 (W.T. 21/6/4372)

Printed image digitised by the University of Southampton Library Digitisation Unit

RATE REDUCTION (LOTHIAN REGION) 1983–84

1. This Report by the Secretary of State is laid before Parliament in accordance with section 5(1) of the Local Government (Scotland) Act 1966 ("the 1966 Act") as amended by section 14 of the Local Government (Miscellaneous Provisions) (Scotland) Act 1981 ("the 1981 Act") and section 1 of the Local Government and Planning (Scotland) Act 1982 ("the 1982 Act") for approval by resolution of the House of Commons.

2. The Secretary of State is satisfied in terms of section 5(1)(c) of the 1966 Act that the total estimated expenses of Lothian Regional Council ("Lothian") for the year 1983–84 are excessive and unreasonable and is of the opinion that by reason of the excessive and unreasonable estimated expenses the rate determined by Lothian for the financial year 1983–84 should be reduced by 6p. If this Report is approved, Lothian shall forthwith determine a new rate less, by the proposed reduction in the rate (or by such smaller amount as the Secretary of State may agree), than the rate determined by Lothian under section 108 of the Local Government (Scotland) Act 1973. If within 28 days following such approval Lothian have not reduced their rate as required, Lothian shall be deemed to have determined a rate such that the reduction approved by the House of Commons is effected.

3. By letter dated 5 May 1983 the Secretary of State gave formal intimation to Lothian that he was satisfied that their total estimated expenses for 1983–84 were excessive and unreasonable and was of the opinion that the rate determined by the Council should be reduced by 8p. The letter of 5 May and the Appendices A to E thereto (incorporated in this Report as Annex 1) indicated the reasons for the proposed reduction and the mandatory and discretionary criteria to which he had regard. The letter afforded Lothian an opportunity to make representations with respect to the proposed reduction.

4. Representations by Lothian were submitted on 3 June 1983 and are incorporated in this Report as Annex 2. Lothian expanded on these representations at a meeting with the Secretary of State on Friday 24 June. A note of this meeting has been placed in the Library of the House, together with a copy of supplementary information presented by representatives of the Council at that meeting.

5. After careful consideration of the representations, the Secretary of State is satisfied that Lothian's total estimated expenses for 1983–84 are excessive and unreasonable but that the rate reduction originally proposed by him should be limited to 6p. Lothian were advised of this in a letter of 29 June (incorporated in this Report as Annex 3) which also stated that, unless the Secretary of State was advised by 6 July that they proposed to reduce their rate for 1983–84 by 6p under section 108A of the Local Government (Scotland) Act 1973, the Secretary of State proposed to lay immediately thereafter a report before the Commons House of Parliament asking for their approval under section 5 of the 1966 Act to a reduction in Lothian's rate of 6p. Lothian made no proposal to reduce their rate by 6p by 6 July and the Secretary of State therefore lays this Report.

6. The Secretary of State seeks the approval of the House to this Report.

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 1

SCOTTISH OFFICE
FINANCE DIVISION
New St. Andrew's House
EDINBURGH, EH1 3TB
Telephone: 031–556 8400, ext. 5282

The Chief Executive
Lothian Regional Council
Regional Headquarters
George IV Bridge
EDINBURGH EH1 1UB

5 May 1983

Dear Sir,
LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

1. I am directed by the Secretary of State to refer to the provisions of section 5 of the Local Government (Scotland) Act 1966 (amended by the Local Government (Miscellaneous Provisions) (Scotland) Act 1981 and the Local Government and Planning (Scotland) Act 1982) ("the 1966 Act").

2. These provisions empower the Secretary of State, if he is satisfied that the total estimated expenses of a local authority are excessive and unreasonable and if he is of the opinion that by reason thereof a reduction should be made in the amount of any element of rate support grant payable to that authority or in the rate determined by the authority or both, after affording the authority an opportunity to make representations, to make and lay before Parliament a report stating the amount and nature of and the reasons for the proposed reduction and setting out any representations made by the authority with respect thereto. If the report is approved by a resolution of the Commons House of Parliament such a reduction may be implemented.

3. The Secretary of State is very concerned at the level of expenditure planned by your authority. On behalf of the Secretary of State, I hereby intimate to you that he has decided to initiate formal action in pursuance of the aforesaid powers under the 1966 Act.

4. In reaching this decision the Secretary of State has had regard to the financial and other relevant circumstances of the area and to other discretionary criteria mentioned below. He has in particular examined the level of expenditure planned by your authority for 1983–84 and the levels of expenditure incurred by your authority in each of the years 1978–79, 1979–80, 1980–81, 1981–82 and 1982–83. The indicative guideline figures given to your authority for each of those years have also been taken into account and compared with the expenditure incurred or proposed to be incurred by your

Printed image digitised by the University of Southampton Library Digitisation Unit

authority in each year as shown in Appendix A. The categories of estimated expenses which the Secretary of State has left out of account for the year 1983–84, in terms of section 5(1A)(b) of the 1966 Act, were intimated to local authorities in Finance Circular No 7/1983 and the Addendum to it.

5. The Secretary of State has also taken into account:

(a) the comparison by reference to expenditure per head of population of the levels of expenditure incurred or estimated to be incurred in each of the years referred to above by your authority with those of certain other local authorities which the Secretary of State is satisfied are as closely comparable with your authority as is practicable, with an adjustment to take account of the exclusion of urban programme in 1983–84 (Appendix B);

(b) the comparison of growth in your authority's actual and planned expenditure in the years referred to above, with an urban programme adjustment as in (a) (Appendix C); and

(c) the following financial and other criteria, namely:

(i) the effect of your authority's expenditure decisions in respect of each of the years above referred to on the rate poundage fixed by your authority for each year (Appendix D); and

(ii) the population statistics applicable to your area shown in Appendix E to this letter.

6. Having carefully considered all the information currently at his disposal and in particular the information contained in Appendices A to E the Secretary of State is, subject to reconsideration in the light of any representations made by your Council, satisfied that your authority's estimated expenses for the year 1983–84 are excessive and unreasonable in terms of section 5(1)(c) of the 1966 Act. In view of this and in order to achieve reductions in that expenditure the Secretary of State is at present of the opinion that the rate determined by your Council for the year 1983–84 should be reduced by 8p. This is without prejudice to any other use of the powers contained in section 5 of the 1966 Act. Before submitting to Parliament a report in terms of section 5(1) of the 1966 Act proposing such a reduction the Secretary of State would be grateful if you would invite your Council to consider the terms of this letter at the earliest possible opportunity and to submit in writing to the above address not later than 6 June 1983 any representations which they may wish to make to him. Any enquiries about this letter should be directed to Mr D Stewart on extension 5611.

7. A copy of this letter is enclosed for the Director of Finance. Copies of this letter and Appendices A to E referred to above have been sent to the Controller of Audit and the Convention of Scottish Local Authorities.

Your faithfully

N. G. Campbell

N G CAMPBELL

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX A

LOTHIAN REGIONAL COUNCIL

Comparison of Guidelines and Expenditure

Expenditure guidelines for individual local authorities were first introduced for 1976–77 to help authorities to take into account in their budgets the Government's overall expenditure plans.

Up until 1981–82, guidelines were largely based on historical patterns of expenditure but for 1982–83 were calculated on a new basis described as the client group approach. (This was explained in Finance Circulars 17/1981 and 5/1982.) 1982–83 was also the first year for which guidelines were issued on a cash basis, rather than at the November price base preceding the relative financial year, in line with the Government's move to a cash planning system.

For 1983–84 the cash guidelines were also based on the client group approach but with some changes in the methodology following consultations with the Convention of Scottish Local Authorities. Unlike previous years, when the aggregate of guidelines matched the total of relevant expenditure (excluding loan charges) adopted for RSG Order purposes, the guidelines for 1983–84 sum to a lower figure. This is due firstly to the exclusion from guidelines of expenditure on the Urban Programme. Secondly the figures exclude the estimated loss of income by regional authorities of £4 million, which will result from the proposal to reduce further education tuition fees. Lastly, the figures exclude a sum of £120 million which was not allocated to services in the Government's expenditure plans but was treated as an undifferentiated addition made solely to allow authorities more time to bring spending into line with the Government's plans.

The following table shows how your Council's expenditure or planned expenditure compares with guidelines since 1978–79. Figures for the years 1978–79 to 1982–83 include Urban Programme expenditure; the figures for 1983–84 do not.

	£ million at November 1982 prices[1]				£ million, cash	
	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84
Expenditure	313·04	334·61	349·69	348·56	329·55	345·29
Indicative guidelines	310·94	320·17	315·42	306·48	295·00	305·45
Excess of expenditure over guidelines	2·10 (0·7%)	14·44 (4·5%)	34·27 (10·9%)	42·08 (13·7%)	34·55 (11·7%)	39·84 (13·0%)

[1]Revalued according to factors agreed with the Convention of Scottish Local Authorities.

Your authority's excess over guideline for 1983–84 is well above the regional average of 7·7%.

When account is taken of the loss of income from further education tuition fees incurred by your authority, on the basis of figures supplied with your budget estimate return, the excess over guidelines becomes £38·54 million or 12·6 per cent compared to a revised regional council average excess of 7·5 per cent.

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX B

LOTHIAN REGIONAL COUNCIL

Expenditure Per Head of Population

In the following table, expenditure per head of population for your Council, other local authorities which the Secretary of State is satisfied are as closely comparable as is practicable, and the relative averages for these authorities and for all regional councils is shown for each of the years 1978–79 to 1983–84 inclusive together with the percentage changes for each authority or average from 1978–79 to 1983–84 and from 1982–83 to 1983–84.

	£ per head of population at November 1982 prices						% change 1978–79 to 1983–84 %	% change 1982–83 to 1983–84 %
	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84		
1. Closely comparable authorities:								
Central	382·07	387·00	386·57	383·86	394·25	407·74	+6·7	+3·4
Fife	368·25	385·98	389·58	387·01	393·36	403·13	+9·5	+2·5
Grampian	386·14	401·02	396·28	374·56	374·53	380·48	−1·5	+1·6
Tayside	396·57	395·27	392·84	404·48	408·94	421·61	+6·3	+3·1
2. Average for closely comparable authorities	383·26	392·32	391·32	387·48	392·77	403·24	+5·2	+2·7
3. Average for regional councils	406·96	420·51	420·30	414·17	417·04	424·03	+4·2	+1·7
4. Lothian Regional Council	415·84	444·40	465·81	466·14	438·48	439·14	+5·6	+0·2

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX C

LOTHIAN REGIONAL COUNCIL

Trends in Expenditure

The following table compares the changes in expenditure by your council from 1978–79 to 1983–84 with the equivalent changes in expenditure by all regional councils and all local authorities.

CHANGE IN EXPENDITURE

	By Lothian Regional Council %	By all regional councils %	By all local authorities %
1979–80 over 1978–79	+6·9	+2·4	+2·8
1980–81 over 1979–80	+4·5	+1·5	+1·4
1981–82 over 1980–81	−0·3	−1·4	−1·6
1982–83 over 1981–82	−5·5	+0·6	+0·7
1983–84 over 1982–83	+0·2 (−0·2)	+1·3 (+1·1)	+1·8 (+1·7)
1983–84 over 1978–79	+5·5 (+5·1)	+4·2 (+4·0)	+5·2 (+5·0)

Changes from year to year shown in the table relate to expenditure in real terms, ie after conversion to a common price base using factors agreed with the Convention of Scottish Local Authorities.

Figures in brackets show the change in expenditure after account is taken of the loss of income in 1983–84 from the reduction in further education tuition fees, on the basis of information supplied by authorities with the budget estimate form.

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX D

LOTHIAN REGIONAL COUNCIL

Rates

The following table compares the rates and rate increases imposed by your Council and the average rates and average increases in rates for all councils and local authorities.

	Rates			Increases		
	Lothian Regional Council	All regional councils	All local authorities	Lothian Regional Council	All regional councils	All local authorities
	p	p	p	%	%	%
1978–79.....	44	38	54			
1979–80.....	53	44·5	62·5	20·5	17·1	15·7
1980–81.....	75	60	81	41·5	34·8	29·6
1981–82.....	112	81·5	109	49·3	35·8	34·6
1982–83.....	100	91	123	−10·7	11·7	12·8
1983–84.....	92	91	125	−8·0	—	1·6

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX E

LOTHIAN REGIONAL COUNCIL

Population

The table below shows the total population, and population aged under 16 and 65 and over for the years 1978 to 1982 inclusive for Scotland and for Lothian. Neither the changes in the population from year to year nor the structure of the population are substantially different in Lothian from Scotland overall, and such differences as there are do not indicate a need to incur the high level of expenditure planned for 1983–84.

	As estimated by the Registrar General at 30 June					1978 to 1982 %
	1978	1979	1980	1981	1982	
Total Population:						
Scotland	5,179,400	5,167,000	5,153,280	5,149,500	5,166,557	−0·2
Lothian	750,308	750,728	748,603	746,056	749,395	−0·1
Population aged under 16:						
Scotland (No.)	1,278,856	1,248,497	1,218,010	1,190,787	1,158,213	−9·4
(%)	24·7	24·2	23·6	23·1	22·4	
Lothian (No.)	174,616	171,487	167,477	161,189	155,136	−11·2
(%)	23·3	22·8	22·4	21·6	20·7	
Population aged 65 and over:						
Scotland (No.)	712,196	717,790	723,616	726,604	730,551	+2·6
(%)	13·8	13·9	14·0	14·1	14·1	
Lothian (No.)	105,811	106,416	107,402	106,999	108,140	+2·2
(%)	14·1	14·2	14·3	14·3	14·4	

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 2

LOTHIAN REGIONAL
COUNCIL

Chief Executive R.G.E. Peggie
Regional Headquarters,
George IV Bridge,
Edinburgh EH1 1UQ
Telephone 031-229 9292

Our reference

Your reference

The Secretary
Scottish Office
Finance Division
New St. Andrew's House
EDINBURGH EH1 3TB

Date 3 June 1983

Dear Sir,

LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

I refer again to your letter of 5 May 1983 intimating the decision by the Secretary of State to initiate formal action against Lothian Regional Council in pursuance of his powers under the Local Government (Scotland) Act 1966, on the grounds that, subject to reconsideration in the light of any representations made by the Council, he is satisfied that the Council's estimated expenses for the year 1983–84 are excessive and unreasonable; and that the Secretary of State is of the opinion that the rate determined by the Council for the year 1983–84 should be reduced by 8p. The Secretary of State invited the Council to submit to him any representations which it might wish to make by 6 June 1983.

My letter of 12 May 1983 conveyed the resolution of the Council that representations be made to the Secretary of State that the overall level of expenditure contained in the revenue budget 1983–84 as determined by the Council on 22 February 1983 is neither excessive nor unreasonable and that there is no justification for any reduction in the regional rate.

I indicated that the Council would be submitting a written document setting out its representations in full. At its meeting held on 2 June 1983 the Council resolved that the document attached to this letter be its formal representations on this matter. I am instructed by the Council to ask you to invite the Secretary of State, in the light of these representations, to reconsider his decision to initiate formal action against the Council and to accept the Council's view that its estimated expenditure for 1983–84 is not excessive, is

Printed image digitised by the University of Southampton Library Digitisation Unit

not unreasonable and that no further action should be taken by the Secretary of State to lay a report before Parliament proposing a reduction in the regional rate.

I thank you for confirming that a Minister would be prepared to meet representatives of the Council to discuss the Council's representations. The Council has appointed Councillors Mulvey, Milligan, Nolan, Gorrie, Gray and Ramsay to be its representatives for this meeting. I should be pleased to have an indication of suitable dates for the meeting.

Yours faithfully,

R.G.E. PEGGIE
Chief Executive

Printed image digitised by the University of Southampton Library Digitisation Unit

LOTHIAN REGIONAL COUNCIL

Representations on the intention of the Secretary of State
to seek the approval of Parliament
to reduce the Regional Rate

Regional Headquarters
George IV Bridge
Edinburgh EH1 1UQ

2 June 1983

Printed image digitised by the University of Southampton Library Digitisation Unit

INTRODUCTION

On 5 May 1983 Lothian Regional Council was informed that the Secretary of State had decided to initiate formal action against the Council in pursuance of powers available to him under the provisions of section 5 of the Local Government (Scotland) Act 1966 (as amended). These provisions empower the Secretary of State, if he is satisfied that the total estimated expenses of a local authority are excessive and unreasonable and if he is of the opinion that by reason thereof a reduction should be made in the amount of any element of rate support grant payable to that authority or in the rate determined by the authority or both, after affording the authority an opportunity to make representations, to make and lay before Parliament a report stating the amount and nature of and the reasons for the proposed reduction and setting out any representations made by the authority. If the report is approved by a resolution of the House of Commons such a reduction may be implemented.

In reaching his decision to take formal action the Council was advised that the Secretary of State had had regard to certain financial and other relevant circumstances of the area and to certain other discretionary criteria. He had in particular examined the level of expenditure planned by the Council for 1983–84 and the levels of expenditure incurred by the Council in each of the years 1978–79, 1979–80, 1980–81, 1981–82 and 1982–83. The indicative guideline figures given to the Council for each of those years had also been taken into account and compared with the expenditure incurred or proposed to be incurred by the Council in each year. The Council was further advised that the Secretary of State had also taken into account—

— a comparison by reference to expenditure per head of population of the levels of expenditure incurred or estimated to be incurred in each of the years referred to by the Council with those of certain other local authorities which the Secretary of State was satisfied were as closely comparable with Lothian Regional Council as was practicable;

— a comparison of growth in Lothian Regional Council's actual and planned expenditure in the years referred to;

— the effect of the Council's expenditure decisions in respect of each of the years referred to on the rate poundage fixed by the Council for each year;

— population statistics applicable to the Council's area.

The Council was informed that, having considered the information at his disposal, the Secretary of State is, subject to reconsideration in the light of any representations which the Council might make, satisfied that the Council's estimated expenses for the year 1983–84 are excessive and unreasonable in terms of section 5(1)(c) of the 1966 Act; and in view of this and in order to achieve reductions in that expenditure the Secretary of State is of the opinion that the rate determined by the Council for 1983–84 should be reduced by 8p. The Council was invited to submit to him in writing not later than 6 June 1983, any representations which it might wish to make.

If the Secretary of State makes and lays a report before Parliament and it contains a proposal that there should be a reduction in the rate, and if that report is approved by resolution of the House of Commons then the Council

Printed image digitised by the University of Southampton Library Digitisation Unit

must forthwith determine a new rate—either by applying to the existing rate the reduction approved by Parliament or a lesser reduction with the agreement of the Secretary of State. Also, it would be necessary to reduce the budgeted expenditure of the authority by an equivalent sum. If the Council does not reduce its rate by the twenty-eighth day after the approval of the report by Parliament, the Council shall be deemed to have determined the lower rate proposed in the report approved by Parliament.

The Regional Council considered the decision of the Secretary of State, his opinion that the rate determined by the Council should be reduced by 8p, and his invitation that the Council submit representations to him, at a meeting held on 11 May 1983. The Council resolved that representations be made to the Secretary of State that the overall level of expenditure contained in the Revenue Budget 1983–84 as determined by the Council on 22 February 1983 is neither excessive nor unreasonable and that there is no justification for any reduction in the regional rate. At its meeting on 2 June 1983 the Council agreed that the terms of this statement be the formal representations of the Council on this matter. Its purpose is to demonstrate, by reference to the Council's position in overall expenditure terms, to the effect upon service provision of the proposed reduction in the rate, and to other important and relevant considerations, that the Council's planned expenditure for 1983–84 is not excessive, is not unreasonable, and that no reduction in the rate ought to be made.

GUIDELINES AND ASSESSMENT CRITERIA

It is apparently the extent of Lothian's departure from the guideline which forms the crux of the case for a reduction of 8p in the regional rate. The product of a 1p rate is currently estimated to be £1,949,668, so the reduction is the equivalent in expenditure terms of £15·6 million.

Before examining the guidelines and the assessment criteria used by the Scottish Office it has to be said that the technique of choosing "closely comparable authorities" in order to reinforce the case against Lothian is not accepted as a valid exercise and has already been discredited by COSLA on behalf of local government in general. The doubtful nature of the guidelines and the Secretary of State's proposed action against Lothian is further revealed by considering that while action is proposed against Lothian for being 13 per cent above its guideline, there are 37 District Councils and 3 Islands Councils above their guidelines by a higher percentage. Of these, only one Island Council and 3 District Councils are having action taken against them.

Having said that, the Council has examined the various tables which comprise the appendices to the letter of 5 May 1983 from the Scottish Office. The Council considers it remarkable that a case of such seriousness should be presented on the unsubstantiated basis that it has. Excess over guidelines, expenditure levels, and rate reductions are juxtaposed to sustain a charge which is patently dubious.

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX A

Comparison of Guidelines and Expenditure

This table shows a comparison between the expenditure guidelines and the actual or budgeted expenditure for the current and the previous five years. For the current and last year the figures are shown at cash outturn prices, while those for the four earlier years are at November 1982 prices. The change in methodology distorts the comparison.

The effect of an expenditure reduction of £15·6 million would be to reduce Lothian's excess over guideline to the average of the Scottish Regions—7·5 per cent. The expenditure reduction called for is the equivalent of 4½ per cent of the Region's budgeted expenditure as defined for the purposes of the 1966 Act.

Of all the measures used to support the contention that expenditure is "excessive and unreasonable" the comparison with the guideline is the most widely publicised. The measure is both simple and straightforward and the mere fact that the guideline is issued by the Scottish Office accords it acceptance by press and public alike. This leads to a one-sided view of the situation. Perhaps the question—"By how much does the authority's budget exceed the guideline?" should be rephrased to read—"By how much does the Secretary of State's guideline fall short of the spending need of the authority as perceived by its elected members?"

An examination has been made of the guideline and expenditure records of all regional councils since 1978–79. This reveals that in cash terms the increase in guideline since 1978–79 has been lowest in Lothian. The percentage increase is 94·55 against an average of 100·86 for all regions and 111·31 for the four comparable authorities. From Appendix A to the letter of 5 May 1983, it can be seen that Lothian's guideline for 1983–84 is less than that for 1978–79 at November 1982 prices. None of the closely comparable authorities is in this position. Lothian's share of the total of the guidelines for regions has dropped from 14·46 per cent in 1978–79 to 14·01 per cent in 1983–84. The drop is particularly marked between 1981–82 and 1982–83, due to a significant change in the method of calculation. Prior to 1982–83 the guidelines were calculated on the basis of historical patterns of expenditure, but since then they have been calculated according to a statistical analysis of client need.

The Scottish Office does not choose to analyse guidelines by head of population. On this basis Lothian again emerges with the lowest increase since 1978–79 at 94·84 per cent against an all-regional figure of 106·9 per cent and 110 per cent for the closely comparable authorities. Until 1982–83 Lothian's guideline per head of population was the fourth highest of the regions of Scotland, in the current year it stands sixth highest, and the trend indicates that it will fall ultimately to the lowest position. As its expenditure and rating records show, Lothian has made very significant reductions in expenditure over the last two years but the task becomes increasingly difficult if the target itself is constantly moving downwards. To illustrate the point more clearly graphs have been prepared showing comparisons in real terms of

Printed image digitised by the University of Southampton Library Digitisation Unit

the guidelines and expenditure of Lothian and the four compared authorities and these are reproduced in Table 1 to this statement. It becomes abundantly clear from this that the gap between Lothian's guideline and expenditure is now only partly explained by the level of expenditure. In contrast to other authorities shown in the graph the reduction in the guideline contributes significantly to that gap.

APPENDICES B AND C

Expenditure per Head of Population and Trends in Expenditure

Even the most biased observer would find it hard to conclude that the statistics shown in these appendices demonstrate that Lothian's expenditure is excessive and unreasonable. Of the compared authorities only Grampian shows an increase in expenditure lower per head of population than Lothian and that Region has had the greatest increase in population over that period. Between 1982–83 and 1983–84, Lothian's increase in expenditure is less than any other figure in the table.

Although compared with the four other regional authorities Lothian's expenditure is highest per head in 1983–84, the expenditures of three of those authorities are now closer to Lothian's than before. Grampian is the odd one out because of its relatively large increase in population. Illustrative of this is that the gap between Grampian and Tayside has increased from £10 per head in 1978–79 to £41 per head in 1983–84.

If the expenditure reduction of £15·6 million was made it would reduce Lothian's planned expenditure per head in 1983–84 to £418·34, an increase of 0·6 per cent over 1978–79—a position achieved among the compared authorities only by Grampian, and would reduce Lothian's expenditure to less than the average for regional councils for the first time ever.

APPENDIX D

Rates

What this table fails to show is the cumulative effect of the changes in rate poundages since 1978–79. For the record these are—

Lothian	48 pence	109%
All Regional Councils	53 pence	139%
All Local Authorities	69 pence	131%

In 1978–79 Lothian had the highest regional rate in Scotland at 44p. This was 3p more than the next highest, which was Grampian. By 1981–82 Lothian's rate was 112p which was 32p higher than the next highest which was Strathclyde. In 1983–84 Lothian's rate is 1p *less* than Strathclyde's and only 1p more than Highland, and 2p more than Tayside. If a reduction of 8p were made the rate would be 84p, the third lowest in Scotland along with Grampian.

Printed image digitised by the University of Southampton Library Digitisation Unit

In 1978–79 the rate poundage in Edinburgh (including District and domestic water rates) was the second lowest of the four cities of Scotland. By 1981–82 it was the highest, exceeding that in Glasgow by 7½p. Today it is the lowest; 6p less than that in Aberdeen, 14½p less than Dundee and a colossal 35½p less than Glasgow. This extraordinary turnabout is hardly the work of authorities acting excessively and unreasonably.

To illustrate the point further an examination has been made of average domestic rate payments throughout Scotland from statistics prepared by COSLA. In 1978–79 average domestic rate payments in West Lothian were twelfth highest in Scotland. By 1982–83 they were eighteenth and today they are twenty-fourth. It is understood that the District of West Lothian has a budget which exceeds its expenditure guideline by almost 26 per cent, yet the relatively low increase in rate burdens confirms that both region and district are acting reasonably and responsibly on behalf of their constituents.

The Council submits that the statistics which the Secretary of State is required to produce in support of a report to Parliament to reduce the authority's rate fail absolutely to substantiate the claim that the authority's expenditure is "excessive and unreasonable". COSLA produced a paper (dated 22 April 1983) for its Policy Committee which shows that in cash terms the increase in Lothian's budget between last year and this was the lowest of the regions in percentage terms. All the trends show that Lothian is far closer to its fellow authorities in terms of expenditure and rate poundage than it has been for some years. That the Secretary of State should use such wayward statistics in presenting his case leads to two conclusions—

(1) that it is necessary for him to make an example of a few authorities in order to encourage the others to conform, and

(2) that the mechanism for control of the policy is the system of guidelines.

It is perfectly plain that there is no way of defining what portion of any authority's expenditure is excessive and unreasonable. The fundamental flaw in the system of guidelines is that it uses as a starting point a total of expenditure determined arbitrarily, which is then subjected to a statistical process of dubious validity. This is to be contrasted, certainly in Lothian, with its particular composition of political checks and balances and a thoughtful and thorough process of budget preparation covering several months.

The Council considers it ironic that while the Secretary of State is pursuing his proposal to reduce Lothian's rate, arrangements are being seriously considered by his officials for a re-distribution of Rate Support Grant which would have the very opposite effect next year, namely to increase the rate again.

THE COUNCIL'S SERVICES

In the report on proposed expenditure reductions which was submitted to the Secretary of State in May 1982, the Council recognised that it would be necessary to reduce its expenditure in line with the government's policies on

Printed image digitised by the University of Southampton Library Digitisation Unit

public expenditure. However, the Council also emphasised that it was seeking to establish a meaningful partnership with central government and that it expected the Secretary of State to respect local priorities and to treat local needs with sensitivity. The Council's view is that Lothian has met in full the commitments which it gave to the government in May 1982. It is therefore a matter of deep concern that, for the third year running, the Secretary of State has decided that the authority's proposed expenditure is "excessive and unreasonable". The Council does not accept this proposition and contends that the level of service provision in Lothian is reasonable, both in relation to the average position in Scotland and to the "comparator" authorities selected by the Secretary of State.

Scale of Reductions to Date

Since the Secretary of State first took action against the authority in 1981, the Council has reduced its expenditure by approximately £53 million at current prices on rating services alone. Staff costs have accounted for a considerable proportion of this total figure and between June 1981 and March 1983 the number of full-time equivalent staff employed by the Council fell by 2,088 (3,162 in terms of total numbers employed), a reduction of 8·1 per cent. This was reflected in reduced standards of service provision across the full range of the Council's responsibilities. Over a similar period (June 1981 to December 1982) the average manpower reduction in Lothian's "comparator" authorities was 0·4 per cent (Table 2).

Manpower levels in Lothian are now close to the Scottish average. Looking at the ratio of staffing to population in Lothian and the "comparator" authorities (Table 3), it is clear that the Council's manpower levels are neither excessive nor unreasonable.

The 1983–84 Budget

Staffing numbers in the authority have been reduced by means of natural wastage. However, given the scale of the expenditure reductions required to date and the variable pattern of staff turnover, a number of high priority service areas have been adversely affected. To help ease the difficulties caused by the recruitment restrictions of the last two years, and to give the Council time to re-adjust to a more planned approach to service provision, staffing levels have largely been stabilised for 1983–84. However, the Council will continue to review its organisational structures and manpower levels to ensure that these are efficient and cost effective. Indeed, considerable progress has already been made through the merging of departments and the curtailment of less essential services.

In the 1983–84 budget, only in two specific and high priority areas has there been a modest restoration in staffing levels; teachers and home helps. This is entirely in keeping with the Council's approach of providing good local services in certain key areas. The Council does not accept that a generalised process of "levelling down" services to the Scottish "average" is either desirable or necessary.

Printed image digitised by the University of Southampton Library Digitisation Unit

Proposed Reduction of £15·6 million

Over the last two years, all the services provided by the Regional Council have been reduced in standard. No longer is Lothian characterised by levels of service provision which are markedly higher than those in other regional authorities and a reduction of £15·6 million would place Lothian below the Scottish average in terms of expenditure per head of population.

In the technical departments, the level of expenditure per head of population is already lower in Lothian than in a number of other authorities (Table 3). On Highways, for example, the CIPFA rating review for 1983–84 indicated a Scottish average expenditure on roads and lighting of £29·12 per head of population. The Highways Department budget for 1983–84 is equivalent to £26·70 per head of population.

In Education and Social Work the Council recognises that the standards of service provision in selected areas compare well with other authorities, but the difference is now much narrower than it was previously. Moreover, these service standards can be traced back to the period before local government reorganisation in 1975, indicating a long-standing local commitment to the provision of good quality services in these two important areas.

If the Council has to reduce its expenditure in 1983–84 by £15·6 million all possible ways of reducing the budget will have to be explored. Inevitably, however, because of the scale of the expenditure involved it will be necessary to focus on Education, Social Work and Public Transport. Each of these can now be examined in turn.

Education

The education of the children, young people and adults of the Region is the major responsibility of the Regional Council. From June 1981 to March 1983 the number of staff employed in the Education service has declined by 1,294 FTE, a reduction of 7·9 per cent. This has meant some diminution of the previous high standards of provision which placed Lothian in the forefront of educational developments. The Council, however, is striving to maintain standards in certain key areas of provision.

The benefits of pre-school education are widely recognised and Lothian inherited a variety of standards from the previous authorities. Since 1975 priority has been given to harmonising these standards throughout the authority and, by 1980, the Council had increased the number of nursery places by 21 per cent compared with an increase for Scotland as a whole of 43 per cent. Since 1981, while new nursery places have continued to be provided in areas of population growth, the total number of nursery places has been reduced by some 2·5 per cent. The 1983–84 revenue budget allows for the full use of existing facilities, restores the places which were lost, yet does not add to the Council's stock of nursery schools and classes.

By September 1982, primary education staffing levels had declined to the point where two of the comparator authorities used by the Secretary of State

Printed image digitised by the University of Southampton Library Digitisation Unit

had a higher level of provision than Lothian. The Council has made it a priority in the 1983–84 budget to restore teacher staffing to the level reached at the start of the 1981 session. This will allow primary schools to continue to offer a broad curriculum adaptable to the needs of the individual child.

Secondary teacher staffing levels have also reduced markedly since August 1981, declining at twice the rate of the reduction in pupil numbers. The broad range of curriculum choice and the wide range of course options traditionally offered in Lothian's schools were at risk. The 1983–84 budget restores teacher staffing to the August 1981 level to allow for the implementation of the Munn and Dunning Reports and to develop the new initiatives required for the 16–18 Action Plan. The authority is also anxious to continue its policy of positive discrimination to combat the effect of social deprivation on a child's educational development.

In further education, as part of the planned national development, Lothian colleges have increased the day full-time equivalents of students in the last seven years by 33 per cent to over 12,100 students. It is estimated that a further 600–800 FTE places will be required if Lothian is to play its part in providing educational support for the Youth Training Scheme while maintaining current levels of provision of full-time courses for 16–18 year olds. Accommodation studies by SED have described the colleges as exceptionally well utilised and so this expansion of provision has entailed additional revenue expenditure on leasing suitable premises. The number of lecturer staff has been maintained at 1982–83 levels and priority has been given to some restoration of support staff levels to ensure that the most effective use is made of teaching staff resources.

The scale of the education service means that it would inevitably have to bear the largest proportion of a £15·6 million expenditure reduction. The major effect on this service, which by its nature is staffing intensive, would be a loss of the order of 1,000 teaching posts. Given the size of the reduction and the timescale remaining in this financial year, it is estimated that only half of the total reduction could be achieved by natural wastage. Most of the reduction would fall on the primary and secondary sectors so that by March 1984 staffing standards would be likely to fall below those recommended by the Government and would place Lothian below the position of the "comparator" authorities.

To maintain the number of class teachers required in primary schools, the provision of visiting, specialist and remedial staff would have to be severely curtailed. In secondary schools preparation for the implementation in August 1984 of Government proposals under the Munn and Dunning Development Programme and the 16–18 Action Plan would be rendered extremely difficult. In further education colleges the very necessary support staff provision incorporated in the budget could not be appointed and it would be necessary to reduce the existing number of lecturing staff at a time when demands are increasing for full-time course provision and the educational component of the Youth Training Scheme. Alternative savings which would be no less severe nor less difficult to achieve would threaten the whole fabric of non-statutory elements of the service which are regarded by the Council and

Printed image digitised by the University of Southampton Library Digitisation Unit

the public as fundamental to the normal provision of education in the Region and would not achieve the levels of reduction which the education service would have to bear.

Social Work

A wide range of services provided by the Council is aimed at improving the well-being of the most vulnerable members of the community. Since 1981, priority has been given to protecting domiciliary and residential services to the elderly, preventative services to children and to basic services to the handicapped and offenders.

In a service where high standards demand intensive professional staffing, the numbers employed between June 1981 and March 1983 in the Social Work service have fallen from 5,580 to 5,043 FTE, a 9·6 per cent reduction. The reduction has been achieved by natural wastage and inevitably imbalances have occurred in various parts of the service.

It is the Council's view that the adjustments in levels of Social Work services have gone far enough in the key areas. The continuing growth in the number of frail elderly in Lothian, coupled with the shortfall in Part IV accommodation and sheltered housing, has put a particular strain on domiciliary services. The 1983–84 budget restores the staffing levels in the home help service to the 1981 position. This is a particularly cost effective policy. The cost of care in the community is substantially lower than alternative provision in residential homes or Health Board long stay hospitals.

Services to the mentally and physically handicapped which fall far short of government guidelines have been particularly affected by the recruitment restrictions of the last two years. Waiting lists have grown for Adult Training Centre places and this has reduced the number of places available to young adults leaving special schools, with consequent adverse effects on the acquisition of the necessary social and practical skills. Similarly, the number of places available at the Authority's two day centres for the physically handicapped has had to be restricted and the number of occupational therapists reduced. The Council has allocated additional finance in the 1983–84 budget to restore services to these vulnerable groups.

Public Transport

While regarding the provision of a high quality and efficient public transport system throughout Lothian as a high priority, over the last two years the Regional Council has reduced the level of revenue support for the municipal transport undertaking. Bus fares were increased both in 1981 and 1982, leading to a reduction in the provision to meet the deficit from nearly £9 million in 1981–82 to approximately £3 million in 1983–84.

The Government has acknowledged a need for revenue support and in a recent White Paper (Public Transport Subsidy in Cities, November 1982) subsidy guidance figures were announced for London and the Metropolitan

Printed image digitised by the University of Southampton Library Digitisation Unit

Counties in England. Excepting London, the range of these figures extends from £10·7 per head of population in West Midlands to £31 per head in South Yorkshire. Lothian's budgeted figure of £6·3 per head is much more modest by comparison and is virtually the same as that provided by Tayside.

The Council also provides support for concessionary travel schemes throughout the region and for 1983–84 this amounts to an estimated £12·6 million. Over 120,000 people benefit from the schemes and the success of the policy is demonstrated by the increase in the number of such journeys undertaken throughout Lothian. The concessionary travel scheme encourages the elderly, the blind and the disabled to lead a more active life and is an important element in the Council's policy of providing help and services to vulnerable groups in the community.

An expenditure reduction of £15·6 million over the remaining months of the financial year would require a further reduction in the level of revenue support for the public transport system, which has already been considerably reduced. The scope for achieving such a reduction is limited. Inevitably it would entail changes to the concessionary fares scheme in a way which would have a detrimental impact on a service which the Council believes is particularly important in supporting vulnerable groups in the community. In addition, support for the Scottish Bus Group would have to be reduced with a consequential fares increase or substantial reductions in services in the landward area of the region, which is particularly dependent on public transport. Public transport passengers in Edinburgh would inevitably be affected by a further increase in fares on Lothian Region Transport.

THE COUNCIL'S BUDGET: THE ELECTORAL TEST

On 22 February 1983 Lothian Regional Council approved a budget of total net expenditure of £367,513,980 which, after allowing for the Needs Element of Rate Support Grant and a Subvention from Estimated Balances produced a Total Net Expenditure to be charged to the regional rate of £178,786,640. To meet that Total Net Expenditure the Council resolved to levy a regional rate of 92p in the pound. In striking that figure the Council applied £10 million by way of the estimated rating balance as at 31 March 1983 towards reducing the rate thereby directly passing on the benefit to the ratepayers.

Reference was made earlier in this statement to the budget process which culminated on 22 February 1983 when the Council approved its estimated level of expenditure and the rate. That process is worthy of consideration and assessment in the context of the political composition of the Council. Such an assessment demands an acceptance of the conclusion that the consideration given by the Council to the preparation of its budget, the level of expenditure which it approved and the rate which it determined were not the actions of an authority acting excessively and unreasonably without regard to the interests of the ratepayers and the electorate. The objective conclusion is that the political checks imposed by the actions of the electorate at the Regional Council Elections in May 1982 exerted a positive force in producing a budget widely representative of the electoral demands manifested at these elections.

Printed image digitised by the University of Southampton Library Digitisation Unit

The budget which was approved was not the budget of any one political party. The Conservative Group proposed a budget which would have required a rate of 86·5p in the pound. The Labour Group's proposed budget would have required 102p in the pound and the Liberal and SDP Alliance Group's proposals 93p in the pound. In putting forward their respective budget proposals each of the political groups, over a period of months, had received the fullest information on the Council's services, together with a perspective of how the position of these services had changed and a comparative assessment of Lothian's position relative to other authorities.

It is appropriate in the context of the 1983–84 budget to refer to the test of electoral opinion which took place at the Regional Council Elections held in May 1982. The political composition of the Council as a result of these elections is as follows:

Party Group	No. of Members
Conservative	22
Labour	22
Alliance (Liberal/SDP)	3
Scottish National Party	1
Independent	1
Total	49

At its budget meeting, the Regional Council in considering the proposals put forward by each of the political groups, considered and determined 146 items of expenditure separately. Such a deliberate and detailed arrangement may well be unique in Scotland as an example confirming that the decisions which the Council took reflected a concern for and the electoral demands of the voters. Each of these items was proposed by one or other of the three political groups who had put forward overall budget proposals. 30 of these individual items of expenditure had the unanimous support of all Councillors, representing 99·57 per cent of those who voted in the 1982 elections. 78 of the individual items of expenditure had the support of the Conservative and the Alliance Groups and the Independent Councillor representing 57·28 per cent of the voters. 38 individual items of expenditure had the support of the Labour and Alliance Groups and the Scottish National Party Councillor, representing 68·41 per cent of the voters.

The Council submits that the budget which it adopted on 22 February 1983 and the rate which it determined as a result, was not the product of either capricious action or the unrepresentative dictates of any one political group, but rather of a careful examination of the Council's services and how money should be spent on these on the basis of a representative consideration of the electoral support for that budget. The question posed earlier in this statement might equally be rephrased: "By how much do the demands of the voters in Lothian Region exceed the guideline?" or, alternatively—"By how much does the Secretary of State's guideline fall short of the needs of the authority as perceived by the voters?".

Printed image digitised by the University of Southampton Library Digitisation Unit

CONCLUSION

The Council is firmly of the view that central government must recognise that a partnership has to exist with the Council. The Council, after all, is a democratically elected body. It has an over-riding obligation to assess the needs of the community and to provide a range of services to meet that need; it is responsible for that to the electorate.

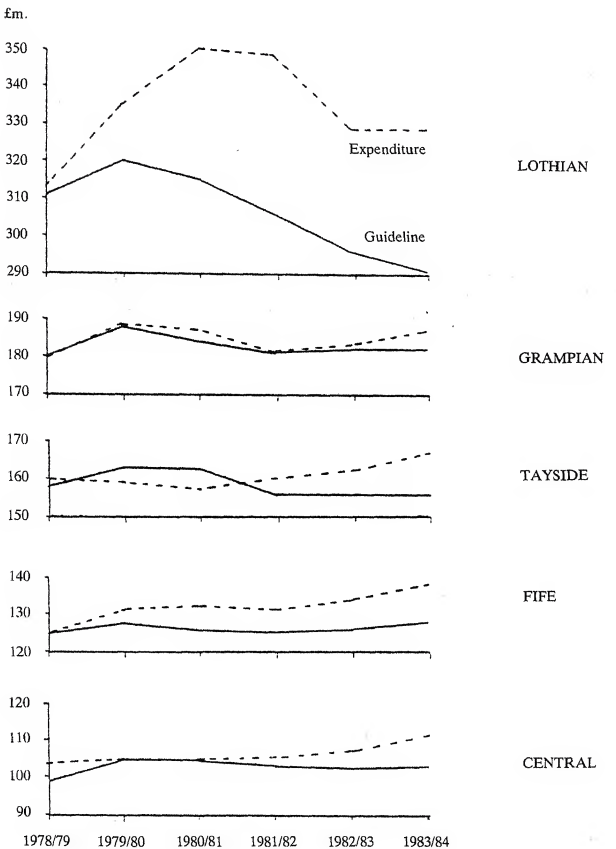
Lothian Regional Council has already faced up to severe reductions in expenditure and service provision. In perspective, the Council faces a trend which is characterised by an inexorably reducing expenditure guideline. The Council has been prepared to make economies and has advanced substantially in that direction. At this time the Council is willing to progress towards further orderly and efficient streamlining of its services while at the same time ensuring that those essential areas of its programme are not damaged fundamentally. The budget which the Council approved for 1983–84 accords with that concept. The path is a critical one as between ensuring the correct level of service provision in key areas and the need for a rational level of expenditure.

The Regional Council submits that any proposed reduction in the rate, and the consequent reduction in expenditure, is impossible to equate with the provision of an orderly and acceptable programme. The critical path which the Council is following is one which, in the Council's view, is best left to the Council at this time. In Lothian, the Council's ability to avoid the danger of permanently damaging services would be substantially curtailed by a reduction in the regional rate.

Printed image digitised by the University of Southampton Library Digitisation Unit

TABLE 1

COMPARISON BETWEEN EXPENDITURE AND GUIDELINE FIGURES (NOVEMBER 1982 PRICES)

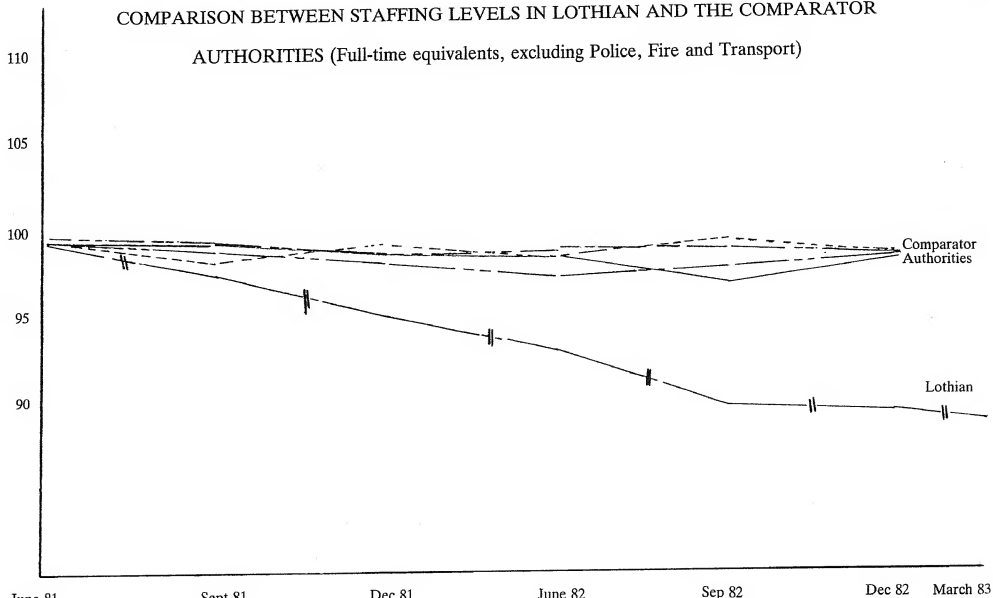


Printed image digitised by the University of Southampton Library Digitisation Unit

Printed image digitised by the University of Southampton Library Digitisation Unit

TABLE 2

COMPARISON BETWEEN STAFFING LEVELS IN LOTHIAN AND THE COMPARATOR AUTHORITIES (Full-time equivalents, excluding Police, Fire and Transport)



Printed image digitised by the University of Southampton Library Digitisation Unit

TABLE 3

COMPARISON OF STAFF TO POPULATION IN LOTHIAN AND THE COMPARATOR AUTHORITIES (Full-time equivalents)

	CENTRAL		FIFE		GRAMPIAN		TAYSIDE		LOTHIAN		LRC BUDGET
	81	82	81	82	81	82	81	82	81	82	83/84
PERSONAL SERVICES	1/40	1/41	1/40	1/39	1/43	1/44	1/42	1/42	1/34	1/37	1/37·7
TECHNICAL SERVICES	1/232	1/244	1/257	1/249	1/224	1/241	1/264	1/265	1/314	1/346	1/346
CENTRAL SERVICES	1/594	1/609	1/498	1/506	1/962	1/978	1/965	1/963	1/678	1/797	1/788
OTHER SERVICES	1/1161	1/1171	1/1848	1/1899	1/1277	1/1503	1/1114	1/1145	1/1132	1/1149	1/1441
TOTAL SERVICES	1/31	1/32	1/31	1/31	1/34·2	1/35	1/33·9	1/33·8	1/28·7	1/31·5	1/31·8

ANNEX 3

SCOTTISH OFFICE
FINANCE DIVISION
New St. Andrew's House
EDINBURGH, EH1 3TB
Telephone: 031-556 8400, ext. 5282

The Chief Executive
Lothian Regional Council
Regional Headquarters
George IV Bridge
EDINBURGH
EH1 1UQ

29 June 1983

Dear Sir,

LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

1. I refer to my letter of 5 May 1983 and to your reply of 3 June enclosing your Council's representations in response to the Secretary of State's decision to initiate action against your Council under section 5 of the Local Government (Scotland) Act 1966 on the grounds that its planned expenditure for 1983–84 was excessive and unreasonable.

2. Representatives of your Council met the Secretary of State on Friday 24 June so that your Council could expand on its representations. A note of this meeting will be sent to you very shortly and I would be grateful if you would confirm that it is a correct record.

3. I am directed by the Secretary of State to say that he found the points made in your representations and in your meeting with him very useful and that he has taken them fully into account in considering what further action he should take under section 5 of the 1966 Act. Having regard to these representations, while the Secretary of State still considers that your Council's estimated expenses are excessive and unreasonable, he now considers that the rate reduction proposed in the letter of 5 May should be limited to 6p.

4. I would be grateful if you could let the Secretary of State know by 6 July whether your Council would now be prepared, under section 108A of the Local Government (Scotland) Act 1973 to reduce its rate by 6p. An early agreement to a voluntary rate reduction would have the advantage of making clear to the Council and to its ratepayers at a relatively early stage its financial position for the rest of the financial year. If the Secretary of State is not informed by 6 July that your Council propose to make such a voluntary rate

Printed image digitised by the University of Southampton Library Digitisation Unit

reduction, he proposes to lay immediately thereafter a report before the Commons House of Parliament asking for their approval under section 5 of the 1966 Act to a reduction in your Council's rate for 1983–84 of 6p.

Yours faithfully

N. G. Campbell

N G CAMPBELL

Printed in Scotland for HMSO Dd 735713 C4 9/83 (W.T. 21/3/4370)

Printed image digitised by the University of Southampton Library Digitisation Unit

RATE REDUCTION (STIRLING DISTRICT) 1983–84

1. This Report by the Secretary of State is laid before Parliament in accordance with section 5(1) of the Local Government (Scotland) Act 1966 ("the 1966 Act") as amended by section 14 of the Local Government (Miscellaneous Provisions) (Scotland) Act 1981 ("the 1981 Act") and section 1 of the Local Government and Planning (Scotland) Act 1982 ("the 1982 Act") for approval by resolution of the House of Commons.

2. The Secretary of State is satisfied in terms of section 5(1)(c) of the 1966 Act that the total estimated expenses of Stirling District Council ("Stirling") for the year 1983–84 are excessive and unreasonable and is of the opinion that by reason of the excessive and unreasonable estimated expenses the rate determined by Stirling for the financial year 1983–84 should be reduced by 2p. If this Report is approved, Stirling shall forthwith determine a new rate less, by the proposed reduction in the rate (or by such smaller amount as the Secretary of State may agree), than the rate determined by Stirling under section 108 of the Local Government (Scotland) Act 1973. If within 28 days following such approval Stirling have not reduced their rate as required, Stirling shall be deemed to have determined a rate such that the reduction approved by the House of Commons is effected.

3. By letter dated 5 May 1983 the Secretary of State gave formal intimation to Stirling that he was satisfied that their total estimated expenses for 1983–84 were excessive and unreasonable and was of the opinion that the rate determined by the Council should be reduced by 3p. The letter of 5 May and the Appendices A to E thereto (incorporated in this Report as Annex 1) indicated the reasons for the proposed reduction and the mandatory and discretionary criteria to which he had regard. The letter afforded Stirling an opportunity to make representations with respect to the proposed reduction.

4. Representations by Stirling were submitted on 3 June 1983 and are incorporated in this Report as Annex 2. Annex 1 to these representations is the Scottish Office letter of 5 May (Annex 1 to this Report) and it is not reproduced a second time. Stirling expanded on these representations at a meeting with Mr Michael Ancram MP, Minister for Home Affairs and the Environment at the Scottish Office, on Friday 24 June. A note of this meeting has been placed in the Library of the House. Copies of an exchange of letters between Stirling and the Scottish Office dated 12 and 20 May respectively on local authority financial statistics have also been placed in the Library.

5. After careful consideration of the representations in the light of the report of the meeting of 24 June given to him by Mr Ancram, the Secretary of State is satisfied that Stirling's total estimated expenses for 1983–84 are excessive and unreasonable but that the rate reduction originally proposed by him should be limited to 2p. Stirling were advised of this in a letter of 29 June (incorporated in this Report as Annex 3) which also stated that, unless the Secretary of State was advised by 6 July that they proposed to reduce their rate for 1983–84 by 2p under section 108A of the Local Government

Printed image digitised by the University of Southampton Library Digitisation Unit

(Scotland) Act 1973, the Secretary of State proposed to lay immediately thereafter a report before the Commons House of Parliament asking for their approval under section 5 of the 1966 Act to a reduction in Stirling's rate of 2p. Stirling made no proposal to reduce their rate by 2p by 6 July and the Secretary of State therefore lays this Report.

6. The Secretary of State seeks the approval of the House to this Report.

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 1

SCOTTISH OFFICE
FINANCE DIVISION
New St. Andrew's House
EDINBURGH, EH1 3TB
Telephone: 031–556 8400, ext. 5282

The Chief Executive
Stirling District Council
Municipal Buildings
STIRLING
FK8 2HU

5 May 1983

Dear Sir,
LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

1. I am directed by the Secretary of State to refer to the provisions of section 5 of the Local Government (Scotland) Act 1966 (amended by the Local Government (Miscellaneous Provisions) (Scotland) Act 1981 and the Local Government and Planning (Scotland) Act 1982) ("the 1966 Act").

2. These provisions empower the Secretary of State, if he is satisfied that the total estimated expenses of a local authority are excessive and unreasonable and if he is of the opinion that by reason thereof a reduction should be made in the amount of any element of rate support grant payable to that authority or in the rate determined by the authority or both, after affording the authority an opportunity to make representations, to make and lay before Parliament a report stating the amount and nature of and the reasons for the proposed reduction and setting out any representations made by the authority with respect thereto. If the report is approved by a resolution of the Commons House of Parliament such a reduction may be implemented.

3. The Secretary of State is very concerned at the level of expenditure planned by your authority. On behalf of the Secretary of State, I hereby intimate to you that he has decided to initiate formal action in pursuance of the aforesaid powers under the 1966 Act.

4. In reaching this decision the Secretary of State has had regard to the financial and other relevant circumstances of the area and to other discretionary criteria mentioned below. He has in particular examined the level of expenditure planned by your authority for 1983–84 and the levels of expenditure incurred by your authority in each of the years 1978–79, 1979–80, 1980–81, 1981–82 and 1982–83. The indicative guideline figures given to your authority for each of those years have also been taken into account and

Printed image digitised by the University of Southampton Library Digitisation Unit

compared with the expenditure incurred or proposed to be incurred by your authority in each year as shown in Appendix A. The categories of estimated expenses which the Secretary of State has left out of account for the year 1983–84, in terms of section 5(1A)(b) of the 1966 Act, were intimated to local authorities in Finance Circular No 7/1983 and the Addendum to it.

5. The Secretary of State has also taken into account:

(a) the comparison by reference to expenditure per head of population of the levels of expenditure incurred or estimated to be incurred in each of the years referred to above by your authority with those of certain other local authorities which the Secretary of State is satisfied are as closely comparable with your authority as is practicable, with an adjustment to take account of the exclusion of urban programme in 1983–84 (Appendix B);

(b) the comparison of growth in your authority's actual and planned expenditure in the years referred to above with an urban programme adjustment as in (a) (Appendix C); and

(c) the following financial and other criteria, namely:

(i) the effect of your authority's expenditure decisions in respect of each of the years above referred to on the rate poundage fixed by your authority for each year (Appendix D); and

(ii) the population statistics applicable to your area shown in Appendix E to this letter.

6. Having carefully considered all the information currently at his disposal and in particular the information contained in Appendices A to E the Secretary of State is, subject to reconsideration in the light of any representations made by your Council, satisfied that your authority's estimated expenses for the year 1983–84 are excessive and unreasonable in terms of section 5(1)(c) of the 1966 Act. In view of this and in order to achieve reductions in that expenditure the Secretary of State is at present of the opinion that the rate determined by your Council for the year 1983–84 should be reduced by 3p. This is without prejudice to any other use of the powers contained in section 5 of the 1966 Act. Before submitting to Parliament a report in terms of section 5(1) of the 1966 Act proposing such a reduction the Secretary of State would be grateful if you would invite your Council to consider the terms of this letter at the earliest possible opportunity and to submit in writing to the above address not later than 6 June 1983 any representations which they may wish to make to him. Any enquiries about this letter should be directed to Mr D Stewart on extension 5611.

7. A copy of this letter is enclosed for the Director of Finance. Copies of this letter and Appendices A to E referred to above have been sent to the Controller of Audit and the Convention of Scottish Local Authorities.

Yours faithfully

N. G. Campbell

N G CAMPBELL

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX A

STIRLING DISTRICT COUNCIL

Comparison of Guidelines and Expenditure

Expenditure guidelines for individual local authorities were first introduced for 1976–77 to help authorities to take into account in their budgets the Government's overall expenditure plans.

Up until 1981–82, guidelines were largely based on historical patterns of expenditure but for 1982–83 were calculated on a new basis described as the client group approach. (This was explained in Finance Circulars 17/1981 and 5/1982.) 1982–83 was also the first year for which guidelines were issued on a cash basis, rather than at the November price base preceding the relative financial year, in line with the Government's move to a cash planning system.

For 1983–84 the cash guidelines were also based on the client group approach but with some changes in the methodology following consultations with the Convention of Scottish Local Authorities. Unlike previous years, when the aggregate of guidelines matched the total of relevant expenditure (excluding loan charges) adopted for RSG Order purposes, the guidelines for 1983–84 sum to a lower figure. This is due firstly to the exclusion from guidelines of expenditure on the Urban Programme. Secondly the figures exclude the estimated loss of income by regional authorities of £4 million, which will result from the proposal to reduce further education tuition fees. Lastly, the figures exclude a sum of £120 million which was not allocated to services in the Government's expenditure plans but was treated as an undifferentiated addition made solely to allow authorities more time to bring spending into line with the Government's plans.

The following table show how your Council's expenditure or planned expenditure compares with guidelines since 1978–79. Figures for the years 1978–79 to 1982–83 include Urban Programme expenditure; the figures for 1983–84 do not.

	£ million at November 1982 prices[1]				£ million, cash	
	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84
Expenditure	4·25	4·80	5·23	5·28	5·76	5·93
Indicative guidelines	4·41	4·16	4·52	4·14	4·58	4·58
Excess of expenditure over guidelines	−0·16	0·64	0·71	1·14	1·18	1·35
	(−3·6%)	(15·4%)	(15·7%)	(27·5%)	(25·8%)	(29·5%)

[1]Revalued according to factors agreed with the Convention of Scottish Local Authorities.

Your authority's excess over guideline for 1983–84 is well above the district average of 21·8 per cent.

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX B

STIRLING DISTRICT COUNCIL

Expenditure Per Head of Population

In the following table, expenditure per head of population for your Council, other local authorities which the Secretary of State is satisfied are as closely comparable as is practicable, and the relative averages for these authorities and for all district councils is shown for each of the years 1978–79 to 1983–84 inclusive together with the percentage changes for each authority or average from 1978–79 to 1983–84 and from 1982–83 to 1983–84.

	£ per head of population at November 1982 prices						% change 1978–79 to 1983–84	% change 1982–83 to 1983–84
1. Closely comparable authorities:	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84	%	%
Kyle & Carrick	68·97	74·17	70·28	65·00	69·68	74·46	+8·0	+6·9
Kilmarnock	63·65	61·75	61·94	59·03	57·81	63·90	+0·4	+10·5
Cunninghame	62·80	70·86	68·88	64·58	61·85	64·76	+3·1	+4·7
West Lothian	42·75	44·06	51·40	52·77	47·54	51·60	+20·7	+8·5
Midlothian	54·70	56·43	56·24	58·82	56·69	63·95	+16·9	+12·8
2. Average for closely comparable authorities	58·57	61·45	61·75	60·04	58·71	63·73	+8·8	+8·6
3. Average for district councils	52·13	54·24	54·38	52·91	53·46	56·66	+8·7	+6·0
4. Stirling District Council	53·35	60·29	65·49	64·87	69·52	68·89	+29·1	−0·9

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX C

STIRLING DISTRICT COUNCIL

Trends in Expenditure

The following table compares the changes in expenditure by your council from 1978–79 to 1983–84 with the equivalent changes in expenditure by all district councils and all local authorities.

CHANGE IN EXPENDITURE

	By Stirling District Council	By all district councils	By all local authorities
	%	%	%
1979–80 over 1978–79	+12·8	+4·4	+2·8
1980–81 over 1979–80	+8·5	+0·4	+1·4
1981–82 over 1980–81	+0·3	−3·2	−1·6
1982–83 over 1981–82	+7·5	+2·3	+0·7
1983–84 over 1982–83	−0·9 (−2·6)	+6·3 (+4·6)	+1·8
1983–84 over 1978–79	+30·7 (+28·4)	+10·3 (+8·6)	+5·2

Changes from year to year shown in the table relate to expenditure in real terms, ie after conversion to a common price base using factors agreed with the Convention of Scottish Local Authorities.

Figures in brackets show the change in expenditure after account is taken of the transfer of functions under the Local Government and Planning (Scotland) Act 1982, on the basis of information supplied by authorities with the budget estimate return.

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX D

STIRLING DISTRICT COUNCIL

Rates

The following table compares the rates and rate increases imposed by your Council and the average rates and average increases in rates for all councils and local authorities.

	RATES			INCREASES		
	Stirling District Council	All district councils	All local authorities	Stirling District Council	All district councils	All local authorities
	p	p	p	%	%	%
1978–79	16	16	54			
1979–80	16	18	62·5	—	12·5	15·7
1980–81	18	21	81	12·5	16·7	29·6
1981–82	40	28	109	122·2	33·3	34·6
1982–83	40	33	123	—	17·9	12·8
1983–84	40	35	125	—	6·1	1·6

Printed image digitised by the University of Southampton Library Digitisation Unit

APPENDIX E

STIRLING DISTRICT COUNCIL

Population

The table below shows the total population, and population aged under 16 and 65 and over for the years 1978 to 1982 inclusive for Scotland and for Stirling. Changes in the District's population differ slightly from the changes in Scotland generally but the distribution of the main age groups is similar. Neither the changes in nor the structure of population in Stirling indicate a need to incur the high level of expenditure planned for 1983–84.

	As estimated by the Registrar General at 30 June					
	1978	1979	1980	1981	1982	1978 to 1982 %
Total Population:						
Scotland	5,179,400	5,167,000	5,153,280	5,149,500	5,166,557	−0·2
Stirling	79,609	79,460	79,374	80,340	80,564	+1·2
Population aged under 16:						
Scotland (No.)	1,278,856	1,248,497	1,218,010	1,190,787	1,158,213	−9·4
(%)	24·7	24·2	23·6	23·1	22·4	
Stirling (No.)	19,931	19,412	18,907	18,931	18,115	−9·1
(%)	25·0	24·4	23·8	23·6	22·5	
Population aged 65 and over:						
Scotland (No.)	712,196	717,790	723,616	726,604	730,551	+2·6
(%)	13·8	13·9	14·0	14·1	14·1	
Stirling (No.)	10,240	10,302	10,347	10,822	10,941	+6·8
(%)	12·9	13·0	13·0	13·5	13·6	

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 2

TELEPHONE: 3131 Ext. 206
ASK FOR: Mr Cairns
OUR REF: JC/MDC
YOUR REF:

JOHN CAIRNS
CHIEF EXECUTIVE
MUNICIPAL BUILDINGS
STIRLING, FK8 2HU.

STIRLING DISTRICT COUNCIL
MUNICIPAL BUILDINGS, STIRLING FK8 2HU

N G Campbell, Esq
Scottish Office
Finance Division
New St. Andrew's House
EDINBURGH
EH1 3TB

3 June 1983

Dear Mr Campbell,
LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

Having considered your letter of 5 May, the Council on 2 June 1983 approved the enclosed Representations, which should, in accordance with statute, be presented to the House of Commons by the Secretary of State with any Report he decides to make on the proposed rate reduction.

If on considering the Council's Representations the Secretary of State should require any further explanations regarding the Council's position, I would be happy to be of assistance.

Yours sincerely,

Chief Executive

Encl.

Printed image digitised by the University of Southampton Library Digitisation Unit

STIRLING DISTRICT COUNCIL

LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

Representations to the House of Commons regarding the Secretary of State's proposed reduction in the District Council Rate for 1983–84 of 3p

Stirling District Council has been informed by a letter dated 5 May 1983 from the Scottish Office, of the Secretary of State for Scotland's intention to seek approval from the House of Commons to a reduction in the District Council Rate for 1983–84 of 3p, or 8 per cent.

It is the Council's view that the proposed action is unjust, unfair and unreasonable.

The Council's planned spending in 1983–84 has risen by less than that of any other Scottish authority. Rates have not risen in Stirling District for three years, whilst on average the rates of Scottish District Councils have risen by 25 per cent over the same period. (Indeed, in real terms, rates in Stirling have fallen by 25 per cent over the last three years.) For these and other reasons set out in this paper the Council urges the House of Commons to reject the Secretary of State's proposal.

The Council further considers that the action proposed represents a grave breach of the democratic constitutional rights of local authorities, and a serious abuse of Ministerial power. The Council would therefore request the House of Commons to give this matter its most serious consideration.

The Council's case on which these strong views are based is set out below (and in the accompanying annexes), following a brief statement regarding the statutory basis for the Secretary of State for Scotland's action.

Statutory Basis

The proposed action is based on the powers given to the Secretary of State in the Local Government (Scotland) Act 1966, as amended by the Local Government (Miscellaneous Provisions) (Scotland) Act 1981 and the Local Government and Planning (Scotland) Act 1982.

These statutes confer on the Secretary of State, inter alia, the power to seek Parliament's approval to either a reduction in a Council's approved rate, or a reduction in the grant payable to a Council, or both, if he is satisfied that the total estimated expenses of the authority concerned are excessive and unreasonable.

Printed image digitised by the University of Southampton Library Digitisation Unit

In proposing any such reduction, the Secretary of State shall have regard under statute to the financial and other relevant circumstances of the area of the authority. He may also have regard to—

"(i) expenditure or estimated expenses, in that or any preceding year, of other local authorities which the Secretary of State is satisfied are closely comparable (or as closely comparable as is practicable) with the local authority concerned;

(ii) general economic conditions; and

(iii) such other financial, economic, demographic, geographical and like criteria as he considers appropriate."

In taking this action the Secretary of State is empowered to leave out of consideration such expenses as he sees fit: he is thereby enabled to specify those aspects of expenditure within the total which he considers to be excessive and unreasonable, and to take action only in relation to those expenses.

In proceeding with any proposals the Secretary of State must place a report before Parliament for approval by the House of Commons and must set out any representations made by the authorities concerned. This paper constitutes the Representations of Stirling District Council in relation to the action proposed by the Secretary of State.

THESE POWERS IN EFFECT REMOVE THE FREEDOM OF A LOCAL AUTHORITY TO DETERMINE ITS OWN RATE. The power to determine and raise local taxation is of course a pre-requisite for any system of local democracy, or local government. Removal of this power effectively eliminates the freedom of local people to determine their own approach to local issues within the framework of law, and assigns to local authorities the role of acting solely as agents of central government.

Parliament has conferred these draconian powers only on the Secretary of State for Scotland. The Secretary of State for the Environment has sought, but failed to achieve, similar powers in relation to local government in England and Wales. If the Secretary of State for Scotland's powers were thought reasonable and necessary, as a means of controlling public expenditure north of the border, it is difficult to see why Parliament failed to confer the same powers on the Secretary of State for the Environment. For in 1983–84, local government in England and Wales is planning to spend £22 billion; whilst Scottish local government will be spending £2·8 billion. Furthermore, local authorities in England and Wales are planning to spend £1,600 million above the government's grant-related expenditure assessments; whilst in Scotland the planned "overspend" is £120 million.

Bearing in mind, therefore the greater significance in public expenditure terms of local government plans in England and Wales, it can only be assumed that Parliament had second thoughts on the constitutional issues, when considering the extension of central government intervention in England and Wales, and decided to lay greater emphasis on the importance of local freedom, than it did when considering the Scottish situation.

Printed image digitised by the University of Southampton Library Digitisation Unit

It is in this peculiar context, that Stirling District Council considers that any action by the Secretary of State for Scotland should meet the following criteria, in addition to the requirements of "natural justice"—

(a) the case for action should be well substantiated and well argued;

(b) the action should be seen to be equitable; and

(c) the case should be incontrovertible.

It is for the Secretary of State to establish the "guilt" of an authority against whom he is proposing to take action; and not for that authority to prove its "innocence" in the face of vague allegations. In stating his case, the Secretary of State should also indicate why a Council could not reasonably decide to embark on the level of expenditure which it is planning to incur.

It will be apparent from reading the Council's case set out below, that the Secretary of State has signally failed to meet any of these requirements. Parliament is therefore urged to reject the proposed action out of hand. Failure to do so will leave little hope for local democracy anywhere in the United Kingdom.

The Secretary of State's Case

The Secretary of State's "case" is set out in its entirety in the attached letter and appendices (Annex 1). It will be apparent on a brief perusal of these documents that the "case" is stated in the most general terms. No precise argument is advanced to substantiate the allegation that the expenditure proposed by this authority is either "excessive" or "unreasonable".

In the absence of specific argument it can only be assumed that the Secretary of State was "satisfied" with the production and presentation of a compilation of selective comparisons, in the hope that the figures would "speak for themselves". Such apparently hasty and careless treatment of such a weighty matter is difficult to countenance. However, it is apparent from even a cursory reading of the data supplied that it is necessary to be highly selective in order to deduce any "case" against Stirling at all. The only apparently "strong" arguments in his favour, which emerge from a study of the appendices, relate to the Council's planned excess over "guidelines" in 1983–84, and the increase in Stirling's expenditure over the last six years. The intellectual dubiety of "guidelines" has already been acknowledged by all concerned with Scottish local government, and their particular application to Stirling is dealt with in more detail below. As regards increases in spending, the Secretary of State's own figures acknowledge that the greatest increase in the Council's spending took place between 1978–79 and 1979–80 ie six years ago, and that this year the Council is planning a lower cash increase than any other Scottish District.

Notwithstanding these points, and the detailed statement set out below, it should be sufficient to note that other authorities have performed "worse" on both these measures and yet have gone "unpunished" to suggest that the Secretary of State's action is inequitable, and unjust, and that in fact *there is no case to answer.*

Printed image digitised by the University of Southampton Library Digitisation Unit

However, on the assumption that the Secretary of State's action was ill-advised, and not mischievous or malicious, the Council sets out below the detailed arguments in relation to each of the appendices supplied by the Secretary of State, in order to establish that the Council's planned expenses for 1983–84 are in no sense "excessive" or "unreasonable".

Guidelines

Since 1976–77, a "guideline" has been produced for each authority each year by the Secretary of State for Scotland. These "guidelines" purport to indicate how much an authority "ought to spend". As such they are an "*absolute*" indicator of a Council's need to spend, and not an indicator of how much one authority needs to spend "*relative*" to another.

It may be seen, therefore, that they are distinct from the Grant-Related Expenditure Assessments produced by the Secretary of State for the Environment for English authorities; these purport to indicate only a "*relative*" expenditure need. It must also be noted that unlike GREA's, the "guidelines" *do not have any basis in statute.*

Whilst it has long been recognised that the distribution of grant requires some measure of "relative" need, the notion of producing precise spending targets for individual authorities is of very recent origin. A brief study of the intellectual and statistical gymnastics required to produce such "measures" in both England and Scotland reveals the nonsense of attempting any such feat. Statistical measures cannot be used to define local needs: these can only be determined through the mechanisms of local democracy which seek to balance local needs against local resources. It must be recognised that the introduction of this approach to central intervention in local affairs, ie government by arithmetic, has generated a bureaucratic industry which is engaging considerable resources in the hopeless search for a precise method of centrally quantifying local requirements.

It is of course true that Stirling is planning to spend in "excess" of the government's "guideline". But then so are 52 other Scottish Districts: the only authority that is planning to spend within its "guideline" is Gordon District Council.

Indeed 13 Districts (25 per cent of the total) are planning to spend 25 per cent, or more, above the government's "guideline". Of these, five are planning a greater "excess" than Stirling, and yet only one is included in the "hit list", ie Glasgow City Council. The districts concerned are shown below—

*Glasgow	+36·5%	*Kirkcaldy	+29%
Aberdeen	+32·8%	Argyll & Bute	+28·5%
Ettrick & Lauderdale	+31·2%	Sutherland	+28·2%
Dunfermline	+29·9%	Skye & Lochalsh	+27·9%
Cumnock & Doon Valley	+29·7%	Badenoch & Strathspey	+26·8%
*Stirling	+29·5%	West Lothian	+25·9%
		East Kilbride	+25·9%

*on the government's "hit list".

Printed image digitised by the University of Southampton Library Digitisation Unit

This situation is hardly surprising: for, quite apart from the methodological and conceptual problems inherent in determining "guidelines" for individual authorities, the Secretary of State has adopted an approach to District Councils which was bound to produce absurd results.

Firstly he deducted £120 million from the sums approved by Parliament for Scottish local government expenditure, before calculating "guidelines". This action is of doubtful legitimacy, and its purpose is somewhat obscure. The Scottish Office has indicated that this sum is "being retained to allow authorities to bring spending more into line with the government's plans".

On a pro rata basis, Stirling would be entitled to receive £217,000 as a "supplementary guideline", as its share of the £120 million. However, as the Council has achieved a reduction in real terms in its spending this year, which is wholly in accord with the government's wishes, the Council may legitimately expect to receive a much higher "supplementary" guideline.

Secondly, the Secretary of State has not increased the guidelines of Scottish Districts since 1982–83. No allowance has been made for inflation. The additional costs of functions transferred by the government from regions to districts have been totally ignored. This means that, in real terms, the guidelines have been reduced by about 8 per cent between 1982–83 and 1983–84.

This cavalier treatment of "guidelines" renders useless any rational argument which purports to relate "guidelines" to an authority's "need to spend". It is apparent that they are simply a device which the Secretary of State can use, and manipulate at will, in order to achieve his overriding objectives regarding the control of public spending. Such devices may well have a place among the instruments of governments who wish to control directly the affairs of local authorities, but they cannot be used in a rational appraisal of a Council's spending to determine whether, or not, it is "excessive" or "unreasonable".

Their usefulness is further eroded if regard is paid to the way in which this Council's guidelines have fluctuated over the last six years. Between 1978–79 and 1981–82, a reduction in real terms of 6 per cent, was followed by an increase of 9 per cent, which in turn was followed by a decrease of 6 per cent. These changes make it extremely difficult to contrive any meaningful comparisons over a period of years, in the way attempted by the Scottish Office.

At the level of detailed calculation, there are many problems with the approaches adopted by the Secretary of State towards the production of "guidelines". Problems relating to the treatment of variations in costs which occur in an authority of Stirling's particular nature—with an urban "nucleus" and a large rural hinterland—are of particular concern to the Council. However, the Council does not have the manpower to allocate to work on the improvement of "guidelines"; nor would such an allocation be easy to justify bearing in mind not only the comments made above, but also the fact that the Secretary of State has adopted two quite different approaches (the "RSG"

Printed image digitised by the University of Southampton Library Digitisation Unit

method, and the "client group" approach) to the detailed calculation of guidelines over the last three years.

Once all the arithmetic has been done, it is however necessary to relate the results to the real world—the world in which services are actually provided. If the Council were to spend at the "guideline" level, there would have to be a 25 per cent reduction in services. Some indication of the real effects of such a reduction are given in Annex 2, to these Representations. It is doubtful whether the Secretary of State would wish to enforce such changes in service levels, since these would have a dramatic, and somewhat disastrous, impact on all parts of the District.

The Council is strongly of the opinion that the Secretary of State must recognise these two sides to the "public-expenditure equation": the "costs" *and* the "benefits"; the accountancy data and the real world. If the Secretary of State's "case" is to meet the criteria outlined previously, he must identify those aspects of the Council's service provision which he considers to be "excessive" or "unreasonable". It is insufficient to attempt to state a case solely in terms of expenditure. Bearing in mind that the Secretary of State took powers under the 1982 Act to identify selected areas of "excessive" expenditure, his failure to use these powers tends to support the view that he is unaware of any specific areas of "over-provision" in Stirling District.

Comparisons with Other Authorities

According to the 1982 Act, the Secretary of State may have regard to, inter alia, the planned or historic expenditure of other, comparable, authorities when considering action of this kind. In this, the third year of his campaign against Stirling, he has again attempted such comparisons, but once more with confusing results.

Over the three year period, he has used ten different authorities in his search for suitable comparators. In 1981–82 he chose to base his comparisons on a group of four authorities; in 1982–83 and 1983–84 the group was extended to five. The authorities used to date, and the years in which they appeared are shown below—

Angus	1981–82 only
Clydesdale	1981–82 and 1982–83
Cunninghame	1983–84 only
Dunfermline	1982–83 only
Kilmarnock	1983–84 and 1982–83
Kyle & Carrick	1983–84 and 1982–83
Midlothian	1983–84 only
Moray	1981–82 only
North East Fife	1981–82 only
West Lothian	1983–84 and 1982–83

This year's selection, which was made without consultation with this authority, includes: Cunninghame, Kilmarnock, Kyle & Carrick, Midlothian and West Lothian. No reasons were given in the Secretary of State's letter for this selection, although at this point it may be noted that the Secretary of

Printed image digitised by the University of Southampton Library Digitisation Unit

State decided to omit Dunfermline (who were in last year's group) from his selection. Dunfermline are planning a greater "excess" over "guidelines" than Stirling: they are not on the "hit list".

The Council acknowledges the evident difficulty that the Secretary of State is experiencing in identifying a stable set of close comparators. It does not however come as a surprise. Experience not only in Scotland but also in England and Wales has shown that the whole issue of comparisons between local authorities is fraught with difficulty; and that comparative data should be used with a fair measure of caution.

The Secretary of State's use of comparative data—as a means of imposing central control over local affairs—is, in the view of the Council, wholly inappropriate. The impossibility of finding a stable set of comparators underlines the inherent fallacy in attempting to run local government by "remote control".

Notwithstanding these views, and the limitations of time constraining the preparation of these Representations, the Council has undertaken a brief study of the comparators put forward by the Secretary of State, and of other, more comparable authorities. The overriding consideration to emerge from this study is that—

> *On every reasonable measure, there is one, or more, comparable authority who has performed "worse" (in the Secretary of State's terms) than Stirling, and yet is not on the "hit list".*

This underlines the Council's sense of grievance and injustice, which lies at the heart of these representations.

In view of the limited data provided by the Secretary of State, it has been necessary to collate rapidly further information relating to his selected comparators. This information is presented in Annex 3. A brief study of this data emphasises the evident lack of homogeneity among the comparators, and casts considerable doubt in particular on the inclusion of West Lothian in the chosen group.

The Council has argued on previous occasions that a more objective set of comparators could be achieved by drawing on the "socio-economic" classification produced by Webber & Craig. The group of Scottish "service centres" to which Stirling belongs in this classification includes—

Aberdeen
Dundee
East Lothian
Kyle & Carrick
Clydesdale
Inverness
Nithsdale

The main reason for rejecting a comparison between say Stirling and Aberdeen has been stated as the discrepancy in population size. Stirling's

Printed image digitised by the University of Southampton Library Digitisation Unit

population is 80,000; that of Aberdeen is 213,000. The Council has argued that this is irrelevant bearing in mind that many of the comparisons are made on the basis of costs per head. This view is underlined by the fact that the Secretary of State has chosen to compare Glasgow City with the following authorities—

	Population
Cumbernauld	63,000
Aberdeen	213,000
Falkirk	144,000
Clydebank	53,000
Edinburgh	445,000
GLASGOW	761,000

If Glasgow can be compared with Cumbernauld, then Stirling can be compared with Aberdeen. (It is of course difficult in any case to see how Glasgow *could* be compared with Cumbernauld, but such is the "Alice in Wonderland" world of "comparators"!)

However, before departing from the Secretary of State's selection, certain key points must be made.

(1) It recognises that *Stirling belongs to a group of authorities that has a significantly HIGHER need to spend than the "average" District Council.*

The five authorities are planning to spend on average *12 per cent higher* than the "average" in 1983–84; and over the last six years they have also spent 12 per cent above the "average". (If West Lothian were excluded, the figures would rise to *18 per cent* in each case.) This point must be borne in mind in any situation where the Secretary of State attempts a comparison between Stirling and the Scottish average.

(2) It acknowledges that *in 1978–79 Stirling was spending 9 per cent less than the average of the comparators* (or *15 per cent less* if West Lothian were excluded).

This factor should moderate any consideration of the change in Stirling's spending position over the last six years. It must however be noted that the Council does not accept the arbitrary selection of 1978–79 as a "baseline" in this exercise. No reasons have been advanced for the choice of this particular year—although it was the last year of the previous Labour government—and there are no obvious reasonable grounds for its selection.

The Council is particularly concerned with the use of any comparisons between the two years 1978–79 and 1983–84. Comparisons between this year's spending patterns, and those in any one year some time ago, are bound to produce meaningless information. This view is strengthened by a brief perusal of spending and guideline patterns for each of the comparators. The substantial and significant fluctuations from year to year vitiate any attempt to produce meaningful, historic comparisons. The only approach to this kind of data which has any integrity is one which deals with accumulative, or total, spending over the period concerned.

Printed image digitised by the University of Southampton Library Digitisation Unit

It should also be noted at this point that the use of "averages" is open to question. Whilst it may be necessary to have recourse from time to time to the use of "averages", it must be borne in mind that the notion of an "average" authority is a bureaucratic fiction. Performance in relation to a non-existent "average" authority cannot be used to justify action of the sort proposed by the Secretary of State. It is of more interest, and validity, to consider the place of Stirling within the actual range of other authorities—to see whether other authorities are performing less "well" in terms of the Secretary of State's own goals, and are yet going "unpunished".

Further study of the Secretary of State's comparators reveals that—

(1) *This year, all the comparators are planning an INCREASE in real terms in their spending, rates and their average domestic rate bill.*
In Stirling there will be a real terms *REDUCTION* in spending, rates, and in the average domestic rate bill.
(2) *Both Cunninghame and Kyle and Carrick have spent, or are planning to spend, more than Stirling over the six year period 1978–79 to 1983–84.*
Neither is on the "Hit List".
(3) *Indeed, Cunninghame has also increased its rates since 1978–79 by more than Stirling.*

At the level of individual services, the Secretary of State has in previous years taken a particular interest in the Council's spending on *Leisure and Recreation*. This year no argument has been advanced in this connection: perhaps for the reasons that:

(4) All of the comparators, except West Lothian, are planning to spend *more* per head in 1983–84 than Stirling; and

(5) all, except Kilmarnock and West Lothian have increased their spending per head since last year by *more* than Stirling.

Turning to the Webber and Craig comparators, a brief study reveals that, on total spending:

(6) All the comparators are planning an *increase* in real terms in their spending this year; and four—Dundee, East Lothian, Inverness and Kyle & Carrick—are planning both a *higher* rates level and an *increase* in the average domestic rates bill;

(7) both Aberdeen and Nithsdale have increased their rates by *more* than Stirling over the six-year period 1978–79 to 1983–84; and

(8) Aberdeen is planning a *greater* excess over "guidelines" this year than Stirling.

And, in relation to Leisure and Recreation:

(9) Four authorities, ie Dundee, East Lothian, Aberdeen and Kyle & Carrick, are planning to spend *more* per head than Stirling; and

(10) three authorities, Aberdeen, East Lothian and Kyle & Carrick, are planning a *bigger* increase.

Printed image digitised by the University of Southampton Library Digitisation Unit

It is apparent that in order to create even a semblance of a case against Stirling, a fairly high degree of selectivity has to be employed. In fact, whilst there are a number of obvious "measures" that the Secretary of State might have used, only one was chosen: expenditure per head. Even on this basis, it has been demonstrated that the case against Stirling is weak, and the action proposed, inequitable. This view is further strengthened by encompassing other "measures" and by identifying a more objective set of comparable authorities. In short, if comparative data were used with the degree of caution referred to earlier as a necessity, and with a reasonable measure of sophistication, Stirling would not have been considered for inclusion in this year's "Hit List".

Trends in Expenditure and Rates

Having dealt in a limited way with the "performance" of Stirling in relation to "closely comparable authorities", the Secretary of State's case shifts backwards to comparisons between Stirling and both the average of all Scottish districts, and the average of all Scottish authorities (including the Regional and Island Councils). The comparisons used relate to increases in spending since 1978–79, and to increases in rates.

The Council's response in relation to the "closely comparable" authorities, set out above, has already clarified the Council's position on some of these "measures". Nonetheless, there are certain points which should still be recorded in relation to this aspect of the Secretary of State's case.

A comparison between Stirling's performance and that of Regional and Island authorities, albeit as part of a Scottish "average", is patently absurd. It implies for example that there is some similarity between Stirling and Strathclyde Region: a similarity which is difficult to detect.

Comment has already been made regarding the arbitrary selection of 1978–79 as a base year for "historical" comparisons, and to the meaningless nature of any comparison between performance in two years over a historical period. However if the government persists with this kind of exercise in an attempt to justify intervention in local matters on the grounds of national economic policy, it should be required to explain why central government spending (even excluding Social Security payments) has been allowed to increase further since 1978–79 than local government expenditure.

The greatest annual rise in Stirling's expenditure took place six years ago, ie between 1978–79 and 1979–80, as evidenced by the Secretary of State's figures. If this increase were excluded, Stirling's position in relation to the "average" would be radically altered. Bearing in mind that the increase concerned took place under the previous Administration, the Council would wish to know how much longer it is likely to be "penalised" for the actions of its predecessors.

The obvious inequity in the Secretary of State's action is confirmed yet again by the selection of Stirling for "punishment" whilst other authorities

Printed image digitised by the University of Southampton Library Digitisation Unit

have, on the government's terms, performed "worse" on these measures, and have yet "escaped" any penalty.

The following eight authorities have spent more per head over the last six years—

Edinburgh	Dumbarton
Argyll & Bute	Glasgow
Clydebank	Kyle & Carrick
Cunninghame	Renfrew

Only two of these are being penalised by the government.

Nine authorities have also increased their rates by more than Stirling over the six year period, viz—

Stewartry	Nairn
Kirkcaldy	Badenoch
Aberdeen	Cumbernauld
Nithsdale	Cunninghame
	Motherwell

Only one of these authorities is on the "Hit List".

Demographic Factors

It will be recalled that the Secretary of State may have regard under the 1982 Act to, inter alia, "demographic . . . criteria". Presumably for this reason the Secretary of State provided figures reflecting annual changes in Stirling's total population and in the age groups "under 16" and "65 and over", as compared with the Scottish average. These figures are accompanied by an assertion that they do not "indicate a need to incur the high level of expenditure planned for 1983–84".

It is difficult to give credence to such an extraordinarily superficial understanding of the place of "demographic factors" in any analysis of an authority's "need to spend". Anyone who has the slightest knowledge of the lengthy discussions that have taken place over the last few years in both Scotland and England on the "need to spend" issue will appreciate the variety and complexity of factors which influence the level of spending need in any particular local authority area.

A case which is based on crude population data which does not even relate to any identifiable "client" group hardly merits serious consideration. It can, of course, be observed from the figures that the retired population in Stirling has increased at three times the Scottish average over the last six years. But there are many other factors that require consideration. For example, the population data totally ignores Stirling's status as a tourist area of national significance. During the tourist season over five million people visit the District, with obvious implications for many services. The growth in tourism over the six year period from 1978–79 has also been totally ignored. Other indicators of service need could also be advanced to demonstrate the pressures on services—for example the increase of 150 per cent in

Printed image digitised by the University of Southampton Library Digitisation Unit

unemployment in the District since May 1979—but it will be clearly apparent that the Secretary of State's assertion, and data, are not worthy of detailed consideration.

The Council's planned spending

It will be obvious that the Secretary of State's "case" as represented by the attached letter and appendices incorporates all manner of figures, some of historic interest only, in an attempt to "prove" that the Council's spending is too high. In order to focus the argument on this year's spending—which is presumably the Secretary of State's main concern—the following points should be noted—

Six district councils are planning to spend more per head than Stirling;

Five districts are planning a bigger "excess" over guidelines than Stirling;

Five districts are planning a higher rates level than Stirling;

Five districts will have a higher average domestic rate bill than Stirling.

Ten different authorities are covered by these statements: only one is on the "Hit List".

The degree of "cross-party" support for the Council's plans this year is perhaps indicated by the fact that the "Alternative Budget" put forward by the Conservative opposition would have exceeded the government "guideline" by 28 per cent.

Furthermore, the reduction implied by the proposed rate change would establish a level of spending 9 per cent below the Council's approved plans, or 8 per cent below the Conservative "Alternative Budget".

This underlines the extent to which the Secretary of State's arithmetical calculations are "out of touch" with the reality of needs in Stirling District as perceived by politicians of all parties.

CONCLUSION

The reduction in spending which the Government is in effect seeking to impose on the Council represents 0·03 per cent of the total UK local government "overspend". If the government is successful, this "overspend" would therefore be reduced to 99·97 per cent of its present level.

The Council does, of course, recognise the Government's national role in relation to the management of the economy. It does however find it difficult to understand how the reduction proposed would significantly affect the government's achievement, or otherwise, of its objectives, bearing in mind the figures cited above.

The Council also acknowledges the right of the government to determine the level of the taxpayer's contribution to local government spending,

Printed image digitised by the University of Southampton Library Digitisation Unit

although it is aware that the government is in this connection very much a "minority shareholder" in relation to the Council's spending. Only 8 per cent of the Council's gross expenditure is met by the taxpayer.

The Council does not, however, accept that this, or any other government, should have the right to determine the level of taxation which the Council can raise locally. Removal of this right from local government effectively terminates local democracy.

The Council also rejects the idea that central government should be able to set, and enforce, spending targets for individual local authorities. The task of balancing local needs against local resources is crucial to any concept of local democracy.

Nonetheless Parliament in its wisdom has given the Secretary of State for Scotland the authority to intervene in these matters. The Council would strongly urge Parliament to reconsider its decision in this regard.

However, for the time being whilst the Secretary of State still retains this power, the Council would assume that any action proposed should be well-substantiated, equitable and reasonable; and that it should conform with the tenets of natural justice.

Enough has been said in these Representations to indicate that the Secretary of State has not exercised his power in this way in this case.

Bearing in mind the constitutional significance of these issues, the Council would urge Parliament not to allow this kind of action, conducted in this way, to stand. The Council therefore urges the House to reject the Secretary of State's proposals outright in recognition of the fact that in all reason there is no case for Stirling to answer.

JC/MDC

Printed image digitised by the University of Southampton Library Digitisation Unit

EXAMPLES OF THE EFFECTS OF GUIDELINES

The main text makes reference to the enormous gap between reality and the government guidelines. Whilst the Council acknowledges that the government is not seeking to impose a level of cut that would accord with guidelines—no doubt as a result of their own concern about the validity of guidelines—it is nonetheless considered necessary to illustrate the effect of a reduction to the guideline level of expenditure.

The illustrations of service cuts and resource effects reflect the width of the gap between guidelines and the real world.

LEISURE AND RECREATION **Anticipated Redundancies:** 51

— CLOSE one major Community Centre (Cowane Centre)
— CLOSE one major Public Hall (Tolbooth)
— REDUCE Library Book Fund by half and CLOSE one major Branch Library (St. Ninians)
— RESTRICT opening of Wallace Monument to four months each year and for only five days each week
— REDUCE Swimming Pool opening hours by 50 per cent
— TERMINATE Entertainment Provision
— REDUCE Parks/Open Space maintenance by 20 per cent–75 per cent
— CLOSE Putting Greens, Tennis Courts, etc.

ENVIRONMENTAL HEALTH **Anticipated Redundancies:** 58

— DISCONTINUE salvage, garden and trade refuse collection service
— REPLACE "back door" domestic refuse collection service by "kerbside" collection service and REDUCE frequency of collection
— REDUCE street sweeping service to legal minimum
— REDUCE number and frequency of Environmental Health inspections under the Health and Safety at Work Etc. Act, Food and Drugs Act, Food Hygiene Regulations, Public Health Act and Housing Act
— DISCONTINUE non-statutory activities (pest control, dog warden service)
— CLOSE/REDUCE hours of opening of Public Conveniences.

PLANNING AND BUILDING CONTROL **Anticipated Redundancies:** 13

— TERMINATE Countryside Ranger service
— SLOW DOWN Local Plans preparation programme
— FAIL to determine many development applications within the statutory limit of two months
— RISK public safety, and an increase in claims for compensation by REDUCING Building Control inspections.

Printed image digitised by the University of Southampton Library Digitisation Unit

ADMINISTRATION AND LEGAL SERVICES Anticipated Redundancies: 30

— CLOSE Local Offices
— REDUCE Legal and Administrative services to the Council and to the public below legal requirement
— DISBAND the Estates/Industrial Development Unit and the Management Services Unit.

FINANCIAL SERVICES Anticipated Redundancies: 20

— REDUCE Financial Services to the Council and to the public to a level below that required to ensure the integrity and probity of the Council's finances
— DISCONTINUE Computer development.

ARCHITECTURAL SERVICES Anticipated Redundancies: 10

— RISK unsatisfactory developments by REDUCING supervision on contracts
— SLOW DOWN capital investment and development works by REDUCING the throughput of contract documents
— SLOW DOWN the processing of improvement grant applications.

TOTAL ANTICIPATED REDUNDANCIES—182.

The anticipated redundancies detailed above have been calculated on the basis of budget reductions being made over the whole year's budget. Reductions over a shorter period—and part of the year has already elapsed—would necessitate a substantially greater number of redundancies. In addition, no account has been taken of redundancy payments. If such payments were taken into account in the District Council's level of spending, services would be totally decimated.

Printed image digitised by the University of Southampton Library Digitisation Unit

THE "CLOSELY COMPARABLE" AUTHORITIES

The Secretary of State's Comparators

The Secretary of State has chosen five authorities whom he asserts to be "closely comparable" to Stirling. No reasons were provided for this selection. The authorities concerned are shown in Table 1 below, together with certain key facts drawn from appropriate sources. None of this data was provided by the Secretary of State.

Table 1: BASIC DATA

	Population [1]	Rateable Value per head [2]	Density [3]	Sparsity [4]	Webber & Craig [5]
West Lothian.....	140,359	£208·74	3·23	0·30	5A24
Midlothian	83,359	183·09	2·33	0·43	5A24
Kilmarnock	82,016	202·39	2·20	0·46	5A24
Cunninghame	137,475	261·84	1·56	0·64	5A24
Kyle & Carrick.....	112,852	250·06	0·85	1·17	4B21
STIRLING	80,564	255·68	0·37	2·69	4B21

Explanatory Notes:
[1]Population: 30.6.82—Annex 5 SOFD Circular 3/1983.
[2]Rateable value per head: Pl. 2 Rating Review 1982, ie at 1.4.81.
[3]Density: Col 1÷Area in Pl. 1 Rating Review 1982 ie at 31.12.81.
[4]Sparsity: Area in Pl. 1 Rating Review 1982÷1.
[5]Webber & Craig: 4B21: Scottish Service Centres.
5A24: No description provided.

The Secretary of State did however choose to provide information regarding the "expenditure per head" by each authority over the six year period from 1978–79 to 1983–84. The following table has been constructed from that date.

Table 2: EXPENDITURE PER HEAD IN REAL TERMS

	1983–84 [1]	1982–83 to 1983–84 % change [2]	1978–79 to 1983–84 average per annum [3]	1978–79 to 1983–84 total [4]
West Lothian.....	51·60	+18·5	48·4	290·12
Midlothian	63·95	+12·8	57·8	346·83
nock	63·90	+10·5	61·3	368·08
hame	64·76	+4·7	65·6	393·73
arrick.....	74·46	+6·9	70·4	422·56
G	68·89	−0·9	63·7	382·41
f all istricts.....	56·66	+6	54·00	323·78

d be apparent from even a superficial reading of the information by the Secretary of State, as shown in Table 2, that the inclusion of lian is open to question.

Printed image digitised by the University of Southampton Library Digitisation Unit

This can be demonstrated arithmetically by looking at the range of values in Table 2 around the average of the comparators: first with West Lothian included, and secondly with it excluded.

EXPENDITURE PER HEAD 1983–84

(1) Range including West Lothian
lowest: 19 per cent below the average
highest: 17 per cent over the average.

(2) Range excluding West Lothian
lowest: 4 per cent below the average
highest: 11 per cent over the average.

If another value is selected, ie total expenditure per head 1978–79 to 1983–84, the same effect occurs—

TOTAL EXPENDITURE PER HEAD 1978–79 to 1983–84

(1) Range including West Lothian
lowest: 19 per cent below the average
highest: 17 per cent over the average.

(2) Range excluding West Lothian
lowest: 10 per cent below the average
highest: 10 per cent above the average.

If the information relating to Stirling were also used in these calculations, the range of values excluding West Lothian would be reduced even further.

Quite apart from these arithmetical considerations, there are also obvious factors in the real world which cast doubt on the inclusion of West Lothian—not least the existence of Livingston, a new town, within the West Lothian area.

"Webber and Craig"

Reference is made in the main text to the possible use of the "Webber and Craig" socio-economic classification. It may be helpful in this connection to have regard to the following Tables, 3 and 4, which provide similar data on these comparators to that given in the tables above.

Table 3: BASIC DATA

	Population 30.6.82 (1)	Area 31.12.81 (2)	Density 1÷2 (3)	Sparsity 2÷1 (4)
Aberdeen	212,966	18,446	11·55	0·09
Dundee	183,339	23,518	7·80	0·13
Kyle & Carrick	112,852	132,157	0·85	1·17
East Lothian	80,936	71,331	1·13	0·88
Clydesdale	57,484	132,505	0·43	2·31
Inverness	57,263	278,875	0·21	4·87
Nithsdale	56,903	143,313	0·40	2·52
STIRLING	80,564	216,989	0·37	2·69

Printed image digitised by the University of Southampton Library Digitisation Unit

Table 4: EXPENDITURE PER HEAD IN REAL TERMS

	1983–84	1982–83 to 1983–84 % change	1978–79 to 1983–84 average per annum	1978–79 to 1983–84 total
	1	2	3	4
Aberdeen	£67·65	+9·7	£59·25	£355·47
Dundee	62·97	+4·5	61·39	368·34
Kyle & Carrick	74·46	+6·9	70·43	422·56
East Lothian	63·20	+1·1	59·20	355·20
Clydesdale	61·22	+5·6	57·93	347·57
Inverness	52·02	+5·3	47·74	286·42
Nithsdale	37·98	+4·5	37·00	222·00
STIRLING	68·89	−0·9	63·74	382·41

Printed image digitised by the University of Southampton Library Digitisation Unit

ADDITIONAL STATUTORY RESPONSIBILITIES

Reference has been made earlier to the fact that over the last few years a significant number of additional statutory duties have been placed on the District Council. The examples cited below indicate the nature and range of additional responsibilities which now attach to the District Council and it will be apparent that these additional duties have major resource implications for the District Council. Unfortunately, and to the prejudice of District Council services, little or no account has been taken of these additional duties in the Secretary of State's calculations.

EXAMPLES OF ADDITIONAL DUTIES

Sale of Council Houses

Local Authorities incur substantial administrative costs arising from the Sale of Council Houses, but have no authority to recover any proportion of such costs from purchasers.

Tourism

Since 1 April, 1983, District Councils have been responsible for the promotion and development of Tourism within their areas, a function previously the responsibility of Regional Councils.

Leisure and Recreation

Since 1 April, 1983, District Councils have been solely responsible for ensuring the adequate provision of facilities for the inhabitants of their areas for Recreational, Sporting, Cultural and Social activities, a function previously the responsibility of Regional Councils.

Housing Benefits

Responsibility for the administration of Housing Benefits has transferred from the Department of Health and Social Security to District Councils and has not been accompanied by a compensating increase in Rate Support Grant to cover the necessary increase in administrative staff required.

District Courts

Jurisdiction for Road Traffic offences is shortly to be transferred to District Courts and this additional workload will result in increased costs in connection with the administration of District Courts.

Printed image digitised by the University of Southampton Library Digitisation Unit

Improvement/Repair/Lead Piping Grants

Increased grants limits agreed by the Government and the introduction of grants for the replacement of Lead Piping has caused a significant increase in the number of grant applications to be processed. In addition, Lead Piping grants are to be funded from within the Improvement Grant scheme without additional finance being made available.

Food and Drugs

Since 1 April, 1983, District Councils have been responsible for food standards, composition, labelling and advertising, a function previously the responsibility of Regional Councils.

Street Cleansing

Since 1 April, 1983, District Councils have been responsible for carrying out the safety cleaning of roads, a function previously the responsibility of Regional Councils.

Printed image digitised by the University of Southampton Library Digitisation Unit

ANNEX 3

SCOTTISH OFFICE
FINANCE DIVISION
New St. Andrew's House
EDINBURGH, EH1 3TB
Telephone: 031-556 8400, *ext.* 5282

The Chief Executive
Stirling District Council
Municipal Buildings
STIRLING
FK8 2HU

29 June 1983

Dear Sir,
LOCAL GOVERNMENT (SCOTLAND) ACT 1966: SECTION 5

1. I refer to my letter of 5 May and to your reply of 3 June enclosing your Council's representations in response to the Secretary of State's decision to initiate action against your Council under section 5 of the Local Government (Scotland) Act 1966, on the grounds that its planned expenditure for 1983–84 was excessive and unreasonable.

2. Representatives of your Council met Mr Michael Ancram MP, Minister for Home Affairs and the Environment, on Friday 24 June so that your Council could expand on its representations to the Secretary of State. A note of this meeting will be sent to you very shortly and I would be grateful if you would confirm that it is a correct record.

3. The Secretary of State has considered your Council's representations and Mr Ancram has reported to him the points made by your Council's representatives at the meeting on 24 June.

4. I am directed by the Secretary of State to say that he found the points made in your representations and in your meeting with Mr Ancram very useful and that he has taken them fully into account in considering what further action he should take under section 5 of the 1966 Act. Having regard to these representations, while the Secretary of State still considers that your Council's estimated expenses are excessive and unreasonable, he now considers that the rate reduction proposed by him in the letter of 5 May should be limited to 2p.

5. I would be grateful if you would let the Secretary of State know by 6 July whether your Council would now be prepared, under section 108A of the Local Government (Scotland) Act 1973, to reduce its rate by 2p. An early agreement to a voluntary rate reduction would have the advantage of making clear to the Council and to its ratepayers at a relatively early stage its financial

Printed image digitised by the University of Southampton Library Digitisation Unit

position for the rest of the financial year. If the Secretary of State is not informed by 6 July that your Council propose to make such a voluntary rate reduction, he proposes to lay immediately thereafter a report before the Commons House of Parliament asking for their approval under section 5 of the 1966 Act to a reduction in your Council's rate for 1983–84 of 2p.

Yours faithfully,

N. G. Campbell

N G CAMPBELL

Printed in Scotland for HMSO Dd 735710 C4 (W.T. 21 4 4373) 9 83.

Printed image digitised by the University of Southampton Library Digitisation Unit